

JPRS 82986

2 March 1983

China Report

ECONOMIC AFFAIRS

No. 317

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

2 March 1983

CHINA REPORT

ECONOMIC AFFAIRS

No. 317

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Leaders on 12th CPC Congress Documents on Quadrupling Gvaio
(JINGJI GUANLI, 15 Dec 82) 1

ECONOMIC MANAGEMENT

- Decentralization of Industries Announced
(FUJIAN RIBAO, 6 Jan 83) 12
- Cadre System Reformed in Factories, Mines
(BEIJING REVIEW, 31 Jan 83) 14
- 'CHINA DAILY' Interview on Enterprise Tax System
(CHINA DAILY, 6 Feb 83) 16
- Beijing Commercial System Reforms Noted
(Cai Yen, Li Zhixian; JINGJI RIBAO, 8 Jan 83) 18
- Industry-Commerce Cooperation Urged
(GUANGZHOU RIBAO, 22 Nov 82) 20
- Technological Transformation of Existing Enterprises Urged
(Huang Bingwen; FUJIAN RIBAO, 26 Nov 82) 22
- Management Responsibility Systems in Nanjing Described
(Ning Cai; XINHUA RIBAO, 26 Nov 82) 26
- Yunnan Progresses Through Regional Cooperation
(XINHUA, 11 Feb 83) 28
- Beijing Shops Reported Adopting Contract System
(XINHUA, 31 Jan 83) 30

'Friendship Store' To Adopt Responsibility System (XINHUA, 31 Jan 83)	31
FINANCE AND BANKING	
Bank of China Helps Develop Guangdong Economy (XINHUA, 27 Jan 83)	33
PRC To Restructure Rural Credit Cooperatives (XINHUA, 1 Feb 83)	34
Briefs Tax Registration	35
MINERAL RESOURCES	
Coal Production Target Fulfilled Ahead of Schedule (Zhang Zhanbiao, Wang Dekuan; NANFANG RIBAO, 25 Nov 82) ..	36
Briefs Shandong Gold Mine	37
INDUSTRY	
PRC To Construct First Compound Fertilizer Plant (XINHUA, 28 Jan 83)	38
New Small Water Turbines To Be Mass-Produced (XINHUA, 14 Feb 83)	39
CONSTRUCTION	
Hunan Province Experiences Housing Boom (XINHUA, 4 Feb 83)	40
Economizing on Timber Consumption Reaps Benefits (JINGJI RIBAO, 8 Jan 83)	42
DOMESTIC TRADE	
'RENMIN RIBAO' on Improving Commercial Work (XINHUA, 8 Jan 83)	44
Measures To Stabilize Prices Published (GUANGZHOU RIBAO, 18 Nov 82)	46
'JINGJI GUANLI' on Agricultural Circulation (JINGJI GUANLI, 15 Dec 82)	48
Tianjin Transforms Marketing Co-Ops (Zhu Ling; CHINA DAILY, 9 Feb 83)	55

Ningxia Holds Regional Price Conference (Ma Zhengya; NINGXIA RIBAO, 18 Jan 83)	58
FOREIGN TRADE	
Policy of Opening to Outside World Brings Prosperity (Huang Jingtang; NANFANG RIBAO, 27 Dec 82)	60
CITIC Signs Cooperation Agreement With Fujian (XINHUA, 5 Feb 83)	63
Fujian Exceeds Light Industry Export Quotas (FUJIAN RIBAO, 2 Jan 83)	64
Guangdong Official Comments on Foreign Trade (Qu Qicheng; YANGCHENG WANBAO, 9 Jan 83)	66
Shanghai Overfulfills Export Plan (Dong Jin, Gao Xiaoxiao; JIEFANG RIBAO, 9 Jan 83)	69
Fujian Governor on Foreign Technology Purchase (XINHUA, 15 Feb 83)	71
Tianjin Bank Encourages Technical Transformation (XINHUA, 28 Jan 83)	72
Briefs Delegation to IMF Meeting	73
TRANSPORTATION	
'JINGJI GUANLI' on Developing Transportation (Huang Yuqing, Xiao Zhe; JINGJI GUANLI, 15 Dec 82)	74
'JINGJI GUANLI' on Renewing, Reforming Vehicles (He Zhuguo; JINGJI GUANLI, 15 Dec 82)	82
Briefs Chengdu-Chongqing Railway	86
GENERAL	
'JINGJI GUANLI' University To Be Established (JINGJI GUANLI, 15 Dec 82)	87
Xu Tiaoxin Comments on New Constitution (Fang Lichen, Yu Liangjun; ZHONGGUO CAIMAO BAO, 2 Dec 82)	89

TAIWAN

Proposed Budget 5.62 Percent Below Current Level (TAIWAN MERCHANDISE OVERSEAS WEEKLY, 29 Jan 83)	92
Chao Yao-tung Urges Investment in Toyota Venture (CNA, 1 Feb 83)	94
Briefs	
Lesotho Agricultural Aid	96
Taiwan-Ecuador Oil Pact	96
Taiwan-Netherlands Economic Cooperation	96
ROK Pig Iron Imports	97
Taiwan-Netherlands Economic Cooperation	97

ABSTRACTS

ELECTRONIC COMPONENTS

BIAOZHUNHUA TONGXUN [STANDARDIZATION JOURNAL], No 1, Jan 83	98
---	----

NATIONAL POLICY AND ISSUES

LEADERS ON 12TH CPC CONGRESS DOCUMENTS ON QUADRUPLING GVAIO

HK161313 Beijing JINGJI GUANLI in Chinese NO 12, 15 Dec 82 pp 2-7

["Collection of Articles on the Study of the 12th CPC Congress Documents"-- passages within slantlines published in boldface]

[Text] Article by Xu Jialong, first secretary of Jiangsu Provincial Committee: "We Have Full Confidence in Achieving Quadruplication"

Since the 12th CPC Congress, Jiangsu Province has been the same as anywhere in China. The broad mass of cadres and people warmly support and are fully confident of the strategic goal proposed by the CPC to strive to quadruple the total annual output value of industry and agriculture.

As for Jiangsu Province, we are qualified to do our bit in quadrupling the total annual output value of agriculture and industry for the whole country.

//First, the basis of agriculture is relatively deep and solid; its potential is still great.// The rural commodity economy in our province has always been relatively developed. In future in rural economic work, we must continue to uphold the principle of "never neglecting the grain production, and actively developing diversified economy" and take the road of comprehensive development of agriculture, sideline production, industry and commerce. According to the investigations of experts, grain faggots produced by the whole province amount to fifty billion jin, 10 percent of which can feed 500,000 head of dairy cows which can render 5 billion jin of milk annually. Just this one item can increase agricultural output value by 1.2 billion yuan. If we further carry on the processing of milk food in depth, output value will then see an increase of several billion yuan. Agriculture is the base of the national economy as well as the base of the strategic goal of quadruplication. Now that the agriculture is developing steadily, there will be a reliable guarantee and solid foundation for the quadruplication of the whole national economy.

//Second, industry is correspondingly large in scale, and the foundation is relatively good.// Jiangsu is one of the "cradles" of our country's national capitalist industry and commerce. It enjoys a relatively long history of development of modern industry. Since the founding of the country, not only have the original light textile and construction material industries developed

rapidly but developing industrial departments such as engineering, electronics, chemistry have also been established. And they have enjoyed a certain dominance. Of course, there exist great differences when comparing our province's level of industrial management, production, technology and organization with the advanced level both inside and outside our country. Take Shanghai for example; we have more or less the same fixed assets as Shanghai, yet our industrial output value differs by over 10 billion yuan, which means a difference of 10 billion yuan in financial income (excluding factors that cannot be counted, the discrepancy is about 6 billion yuan). Difference means potential. With the difference narrowed, the speed of development will accelerate. Therefore if only we readjust industrial enterprises and management, fully exploit the existing potential and at the same time quicken the construction of key projects under the precondition of promoting economic results, the continual development of our province's industrial production will be guaranteed.

//Third, geographical location is favorable to exchange with foreign countries.// This is favourable to our developing foreign trade, utilizing foreign funds and introducing advanced technology. These few years we have achieved marked results by utilizing foreign funds, introducing technology and transforming existing enterprises. From 1978 to September of this year, the whole province succeeded in negotiating 727 projects utilizing foreign funds, 440 of which are now in operation; and we have already returned \$100 million of equipment expenses. Therefore, to vigorously develop foreign trade, utilize foreign funds and introduce advanced technology will play a vital role in speeding up the technical reform of the existing enterprises and quickening the tempo of constructing modernization.

//Fourth, cultural education is relatively developed, and science and technology enjoys a certain status.// In our province, there is a technical contingent of more than 200,000 people. We have 803 organizations of scientific research, 46 institutions of higher education and 118 technical secondary schools. The problem now is to grasp well the work in two respects: One is to organize the present scientific and technical contingent to be geared to production and construction, and given them aid in overcoming difficulties. This can be very useful in the near future and achievements will be made soon. The other is to strengthen the investment in intelligence by adopting various means such as school training, encouraging people to teach themselves skills, thus further exploring the resources of talents. These achievements may not be obvious in a short period of time yet are indispensable in guaranteeing the constant progress of science and technology. If only we grasp well the work in these two respects, it will be possible to turn the potential productive forces to productive forces in reality, and therefore display the motivating role of science and technology concerning the production of industry and agriculture.

In order to make use of existing conditions and make contributions to achieving quadruplication, it is necessary to carry out earnestly the reform of organizations and systems. This is a key link in readjusting the contradiction between the relations of production and productive forces, and the contradiction between superstructure and economic basis. Taking our province for example, it is necessary to grasp well the following four respects: One is the reform of organizations and systems including the reform of the system

of leadership. Proceeding from overcoming bureaucracy and promoting work results, providing well-matched leading cores at all levels, achieving cooperation between new and old cadres as well as the replacement of old cadres by new cadres; second is the reform of the system of administrative management, gradually accomplishing the target of having the big and medium-size cities as the centre and small towns and cities as links, taking the extensive rural areas as the base, developing the economic, scientific, technical and culture connection between urban and rural areas as well as between regions, forming networks, causing the economy of the urban and rural areas to develop simultaneously; third is the reform of the system of economic management, doing away with the dividing line of trades, regions and state-ownership, organizing economic combines and developing socialized mass production of specialized coordination; fourth is further perfect the system of economic responsibility and the system of production responsibility in industrial and commercial enterprises as well as communes and brigades in the countryside. If only we grasp well these four respects it is possible to further display the people's role of subjective initiative and propel the development of production and construction.

Article by Yang Yichen, First Secretary of Heilongjiang Provincial CPC Committee: "Create New Situations and Glaze a New Trail"

At present, just like anywhere throughout the country and on the various fronts, Heilongjiang Province is now discussing and implementing the lofty goal proposed during the 12th CPC Congress of quadrupling the total annual output value of agriculture and industry by the end of this century. Not long ago, we held an enlarged committee session and had a thorough discussion. We agreed unanimously that quadruplication was certain to be realized. We made an initial estimate that by the year 2000, the total annual output value of agriculture and industry of the whole province will be 150 billion, which means an increase of 3.4 times over the 33.7 billion yuan in 1982. The annual average increase of the total output value of agriculture and industry was 6.5 percent the previous 10 years, and 9 percent the latter 10 years. Comrades present at the present were fully confident of this and they believed that it was probable that we would realize the goal earlier if the work was well done.

In the past, our province was the base of heavy industrial as well as commodity grains. It is richly endowed with resources so there are many favourable conditions for materializing quadruplication, yet there are sure to be quite a lot of difficulties. Our economic conditions dictate that primary products such as grain, coal, timber and petroleum cannot be quadrupled. (Coal might be doubled, but petroleum will decrease gradually.) If so, where is the way out? It will lie in further emancipating ideas, seeking new roads, opening up new spheres, and creating new levels.

It will not do to attach all the importance solely to grain if one wants to achieve great development in agricultural production. It is necessary to develop diversified economy vigorously. We should enhance in an all round way the level of agricultural mechanization and fully display the superiority of mechanization, thus freeing 1/2 to 2/3 of the labor force from the fields and use it in the production areas such as forestry, animal husbandry, sideline

production, fishery and industry. The Huoxing brigade of Anda County has increased its dairy cows by 20 times in the last 3 years, each household reaching an average of 1.7 head. Just this one item means that each household has an average income of two thousand yuan annually. Sunwu County has combined forestry with agriculture in the last 2 years, and has set up a company of joint management by forestry, industry and commerce. They have set up 3 forests of joint management, 87 responsible areas of forest management, 1.24 million mu of forest fields of collective management; 22 thousand mu of mountains were spared for the personal needs of the peasants, which have produced 15 thousand cubic metres of timber in the last 2 years. This year the comprehensive utilization product value of timber can reach 2.25 million yuan, an increase of 3.5 times over that of 1979. Come to think of it, if only we keep developing diversified economy horizontally and vertically it is highly possible to quadruple the total output value of agriculture without the help of industry.

An important aspect in realizing the quadruplication of industrial output value is the vigorous development of intensive processing and comprehensive utilization. In this way we can create more output value and accumulate more tax interests with just as many resources. The potential is great. The utilization rate of felling, sawing and processing "the three remnants" of timber by forest workers of the whole province is merely 27.7 percent. We must strive to reach about 85 percent 1990. There is great potential in developing intensive processing especially in chemical fibres, beet, hemp and petroleum etc. To develop intensive processing by making use of the different varieties of petroleum and chemical materials provided by the 30 ton polyethene project will give us an estimated increased output value of over 7 billion yuan. Develop vigorously food processing industry which is based on the material from agricultural by-products. The market is big and the potential is tremendous.

Industry, agriculture, all walks of life, factories new and old, whoever it is, must all rely on the progress of science and technology as a principle means of promoting economic results and realizing quadruplication. For that particular purpose, we should specially reinforce the study of applied science. Science and technology should be geared to economic construction, serving production as well as the technical transformation of enterprises. It is necessary to carry out on an extensive scale the new activities of mass technical reform, organize technicians in the field of production and scientific research and technicians of institutions of higher education to overcome the difficulties, achieving faster speed and greater results in technical advance.

From now on, the development of industry mainly lies in exploring potentials and promoting economic results. Unite speed and results so as to get the rate of increase of economic results higher than the rate of increase of output value. We must basically eliminate management loss and partly solve losses resulting from policies. Because of this, we must implement well the readjustment and restructuring of industry. In the meantime, we must proceed from the overall situation of economic development, display the role of key cities, and develop rural areas with the help of urban areas, integrate rural and urban areas, organize coordination and serve each other, thus taking the new road of rural and urban areas being combined to develop the economy hand in hand.

Article by Huo Shilian, first secretary of Shanxi Provincial CPC Committee:
"The Revival of Industry Must Depend Both on Policies and on Science"

The 12th CPC Congress proposed that by the end of this century we should strive to quadruple the total annual output value of agriculture and industry of our country. It is an important mission rendered us by history as well as the keen aspiration of the Shanxi people to build Shanxi into a base of coal resources and the heavy and chemical industries. We should uplift our spirits and surge our way head on for the accomplishment of this great task.

Our province is richly endowed with natural resources, especially coal, which enjoys exceptional advantages. At present the annual output of coal of the whole province is over 130 million tons, which is 1/5 of the total output of coal of the whole country. The amount of coal transferred to other places is 3/5 of the total amount of the whole country. Both rank first in the whole country. Apart from that, the industrial base of our province is fairly solid and has initially formed an independent industrial system. This provides favourable conditions for the economic revival of our province.

The problem now is that the enthusiasm of the majority of workers and staff of our province have not been fully brought into play. The level of management and technology is backward and the economic results are low. In 1981, the total sum of capital possessed by over 2,100 state-owned enterprises of the whole province was 14.9 billion yuan, ranking 10th in the whole country, and output value ranking the 26th in the whole country. The realized value of per-100-yuan fixed assets and the labour productivity of the whole people rank 21st and 23d respectively. Yet proceeding from another angle, it simply indicates that there is great potential in the industrial development of our province. Let's again take the labour productivity of the whole people as an example. If we reach the average level of the whole country, we can have an increase of 5 billion yuan in output value which will be 40 percent of the present total output value of industry. If all the main technical and economic quotas catch up or get near the average level of the whole country, the total industrial output value of our province can be doubled.

Since the third plenary session, the production situation of our province's agriculture has developed relatively fast. Now, compared with industry and commerce, agriculture appears to be more lively. Its experience of development has given us profound revelation that the revival of industry should depend on both policies and the progress of science and technology.

For a long period of time, we have placed too much stress on new construction and expansion, and neglected technical transformation of existing enterprises in developing industry, thus causing the aging of equipment in many enterprises. Apart from "extended service", and "operation in sickness" there are technical aging and technical know-how ageing. The negative effect on the national economy is rather serious. If we do not make up our minds to change this situation, develop industry on the basis of the technical advance of the present enterprises and earnestly adopt new equipment, new techniques and new crafts, the strategic goal of quadrupling will not be achieved and what is more, modernization will not be realized.

A quick way to carry out technical transformation is to vigorously popularize and apply available new techniques and new achievements. In the past 3 years, the industrial and transportation enterprises of our province have popularized 52 items of new techniques approved by the State Council. According to incomplete figures, we have created over 16 million yuan of output value, economized on energy resources over 4.3 million yuan and gained over 4 million yuan of profit. On the whole, however, we are still very weak in carrying out this item of work. There are still many technical fruits of production with fairly good economic results which have been laid up on the shelf and forgotten by people. It is necessary for us to put this item on the main agenda, and pay earnest attention to it; at the same time, we should seize time to carry out scientific and technical projects that are being studied and tackled, so that they can be applied to technical transformation as soon as possible.

Technical transformation should be planned in an overall way, and be implemented gradually with priority given to key projects. First of all, an overall plan of trade should be made, and then with its guidance work out plans for the localities, key cities and work out overall plans for enterprises. Our propositions are: First, let mechanical industry take the lead in technical transformation, so as to provide advanced technical equipment for the various departments especially the coal industry and the light textile industry; second, lay the stress of technical transformation of coal industry on promoting mechanization, the transference of energies and comprehensive utilization, at the same time, give consideration to safety devices and environmental protection; third, pay attention to the construction and transformation of departments of railway, electric power, communication and transportation, which are the weak links of economic construction in our province, so as to meet with the needs of the construction of coal and heavy chemical bases of our province; fourth, take the whole country into account: our province should confirm heavy-duty construction, yet light industry should also be developed correspondingly. Therefore, we have to take pains to carry out the technical transformation of light industry properly and step by step. The funds for technical transformation should be based on self-reliance. It is necessary to handle and use well the funds for technical transformation allocated to Shanxi by the state, and bring it into full play.

Technical transformation of enterprises cannot do without the progress of science and technology, while research, popularization and application of advanced science and technology, as well as the solution of significant economic and technical problems cannot do without talented people with specialized knowledge. At present, scientific and technical personnel of our province are badly lacking, and far from meet the demands of the construction of modernization. It is necessary to attach great importance to the training, exploitation and the right use of talented people so as to bring the enthusiasm of the broad mass of scientific and technical personnel into play, and enable them to distinguish themselves in the great cause of realizing economic revival.

It is necessary to rely on scientific and technical advance to revive the economy. Besides displaying the role of scientific and technical personnel, it is necessary to bring the enthusiasm of enterprises and staff and workers into full play and enhance the workers' sense of responsibility of being the masters. Otherwise, the technical advance of enterprises will lose its momentum. Owing to this reason, it is necessary to carry forward and further perfect the economic responsibility system.

To perfect and carry forward the economic responsibility system, it is necessary to grasp big enterprises first. In our province, there are 21 big enterprises with over 10 million yuan of annual tax interest, which amounts to 0.22 percent of the total industrial enterprises. The total output value of these enterprises is 34 percent of the total industrial output value of the whole province; tax interest rate is 61.5 percent of the tax interest of industry. In order to explore the potential of enterprises, enhance economic results and steady financial income, we must pay close attention to this batch of big enterprises, which have a bearing on the overall situation of the national economy.

As for small enterprises, we must relax our policies to make them freer and more lively. We can practice individual or collective contracting. Of course, this form has just started in our province. As for how to combine the characteristics and concrete conditions of each enterprise and popularize and apply them, we ought to make serious studies on the new situations and solve the new problems, especially on how to do a good job in the transformation of the system of finance and tax-income, etc. Moreover, it is necessary to carry out exploration enthusiastically.

On the whole, the pace of industrial construction of our province lags behind many provinces of the whole country. We must go all out to make the country strong, learn from the advanced figures and catch up with them under the guidance of the spirit of the 12th CPC Congress. We should rely on both policies and then on science, strive to create new situation in industrial construction and welcome the coming of the overall economic revival.

Article by Han Ningfu, Second Secretary of Hunan Provincial CPC Committee:
"Quadruplication Must Depend on the Progress of Science and Technology:

In order to realize the lofty goal proposed during the 12th CPC Congress, we must implement comprehensively the programmes, principles and policies put forward in the congress. Among them, one very important guiding thought is that to revive the economy we must rely on the progress of science and technology.

As for agriculture, our province has the fertile Jiangnan plain with many mountains and rivers, where much can be accomplished. However, there is a large population and a lack of cultivable land. In order to develop the agricultural economy, it is necessary to utilize well the mountain areas and the waters and we must rely on science and technology in order to promote the economic results of the available cultivable land. Grain, especially rice, is abundant in our province, yet its single yield is rather low. Fields of medium and low produce in the whole province constitute about 2/3 of the total

area of cultivable land. Under the condition that the cultivable area cannot be further expanded, we will mainly depend on raising yields in future, so we must practice scientific farming. In order to increase the total output value of agriculture on a large scale, and to enable the peasants to become rich, it is necessary to develop vigorously diversified management and make reasonable readjustment of the proportions of agriculture, forestry, animal husbandry, sideline production and fishery. It will need investigation and research. We should also make a good regional planning, suit measures to local conditions and develop in a comprehensive way. In practicing diversified economy there are the problems of promoting yield and improving quality. In order to solve these problems, it is necessary to rely on science and technology, do a good job in scientific fish-breeding, scientific forest management and scientific animal husbandry, etc. As for the balance of the ecological environment, the maintenance of water and earth, and environmental protection etc., science and technology matter even more than ever.

As for industry, our province possesses over 10,700 enterprises. State-owned industry has fixed assets close to 21.7 billion yuan. We have especially a number of large and medium-sized backbone enterprises whose foundation is fairly good. In future, in order to increase output value under the condition of limited supply of energy resources of coal and petroleum, it is necessary to explore vigorously water and electricity and make use of the new technique of electric power and economizing energy resources to carry out technical transformation in all enterprises. It is also necessary to change the technical process of crafts and the structure of products. What is more, pains should be taken to improve the quality of products and reduce consumption so as to bring about a greater improvement in economic results.

There is a lot of work to be done relying on the progress of science and technology. From the point of view of the work of the CPC committee, we consider that at present it is necessary to pay special attention to the following respects.

First of all, a change in guiding ideology--changing from neglecting scientific and technical advance to paying attention to and relying on scientific and technical advance. Party committees at all levels should earnestly put scientific and technical work on the agenda of importance, should earnestly carry out the party's principles and policies, and solve problems quickly so as to create conditions for the development of science and technology.

Second is to pay attention to talented persons as well as the contingent. Without talented persons, there will be no contingent and the development of science and technology will be nothing but empty words. We should further implement the policies toward intellectuals and fully display the role of the present scientific and technical personnel. The key issue in implementing the policies toward intellectuals is to treat the mass of intellectuals as a supporting force in constructing socialism. At present, special attention should be paid to improving the working and living conditions of middle-aged intellectuals. Specialized personnel with organization and leading ability, and comrades with scientific and technical knowledge and who are enthusiastic in supporting the progress of science and technology should be selected for

the leading posts at various levels. Talented persons are the foundation of pioneer work, while education is the foundation of talented persons. In strengthening the education and the training of talented persons, we must be willing to make efforts and spend money.

Third, earnestly implement the principles for developing science and technology confirmed by the CPC Central Committee and the State Council, further rectify the direction of scientific and technical work, organize the broad mass of scientific and technical personnel to be geared to economic construction and go all out to contribute more to the quadruplication. Local scientific and technical work should mainly study and solve the important problems in economic construction, carry forward the progress of productive technology and raise economic results. The key for local scientific research work should be the study of exploitation and application.

The provincial party organizations at various levels must firmly implement the spirit of the 12th CPC Congress, earnestly lead and help the scientific and technical front of our province to create a new situation, thus making the necessary contribution in realizing this lofty goal.

Article by Shen Yue, Secretary of the Liaoning Provincial CPC Committee: "Make Persistent Efforts To Go on Climbing the new Summit of Quality"

In order to implement the spirit of the party's 12th CPC Congress and continue to climb the new summit of quality, we are determined to pay attention to the following six matters in our future work.

First, have a clear understanding of the situation, continue to practice the shift of emphasis in work. The general objective for struggle of economic construction of our country proposed by the party's 12th CPC Congress is not purely a concept of output value but the unification of speed and economic results and the unification of construction and production, and science and technology.

Further shifting the emphasis of work means the following four main points. (1) Earnestly shift from mainly grasping output and output value in the past to grasp high quality, develop varieties and do a good job in promoting and replacing old products and vigorously developing new products. (2) Shift from the sheet expansion of productivity to grasping technical transformation and the renewal of equipment. (3) Shift from merely speed to earnestly promoting economic results, from neglecting science and technology, and caring only about production to attaching importance to science and technology, administration and management. (4) While fulfilling the "common" demand of society and organizing mass production, we must attend to the "individual" needs of society, handle well the small-scale-multi-variety production, so as to satisfy seasonal characteristics and the characteristics of the ever-changing market in order to cater for the different demands of various consumers.

Second, in order to concentrate our force on improving quality, varieties and standards, we must adopt advanced science and technology. To realize quadruplication should depend mainly on the progress of science and technology. It is necessary to persist in the principle of combining scientific research and production, organizing units of production, units of scientific research and the institutions of higher education to carry out extensively the activities of improving quality and tackle key problems, organize specialists and experts to examine the quality and technology in enterprises, improve the level of technology of factories and guarantee the steady improvement of the quality of products. While carrying out the plan of promoting quality and creating high quality in 1983, work out a feasible plan for varieties that are to be developed in 3 or 4 years and a plan for promoting quality, strive to make a comparatively big change in the quality and varieties of the industrial products manufactured by Liaoning Province in 3 or 4 years' time.

Third enthusiastically carry forward the overall management of quality and realize the scientific management of enterprises by steps. To carry forward the overall management of quality is a scientific means of speeding the promotion of the quality of products and developing varieties as well as an important way to promote economic results. It is necessary to combine it with the promotion of quality and creating fine qualities. It is necessary to combine closely the overall management of quality and the economic responsibility system. Tasks should be assigned to each specific person. Combine the examination of quality with awards and practice the unification of responsibility, rights and interests. It is necessary to practice the method of abundant award and severe punishment, reward for fine quality and no reward for inferior quality. Leading comrades of enterprises, various departments and regions should take the lead in learning the scientific method of the overall management of quality, and put themselves at the head of carrying forward the overall management of quality.

Fourth, it is necessary to attach great importance to the exploitation of new products. The first light industry bureau of Liaoning Province demanded that starting from 1983 till 1985 the output value of new products, new specifications and new designs and colours would be raised from 15 percent of the present total output value to 30 percent. Every factory should have a stock of new products and new technology. It is necessary to put forward the idea of "defeating one's opponents by new varieties, by fine quality, by cheap prices, and by high speed". And in the keen competition, we should be able "to offer products that are not available on the market, to be able to offer large quantities when others have the same stock, offer high quality if others have a large stock, and offer new products when others are able to produce high-quality goods. What is more, propose to the dependent trades and services requirements and plans for creating new products.

Fifth, to strengthen leadership. Pay attention to party committees at various levels, especially the leaders, changing their way of thinking, and pay attention to the making of plans and the implementation of important measures. Governments at various levels should organize departments and organizations of for standards, estimations, intelligence, commodity inspection, foreign trade, commerce, industrial and commercial administration and management to

set up gradually a network of supervising and examining the quality of products, a network of quality information and a network of the feedback on market information. Each region and each department should carry out monthly transference, seasonal examination and six-month preselection on products of fine quality; problems will then be found out and solved on time, thus guaranteeing the accomplishment of quality plans.

Sixth, carry out well education on the situation and task, strengthen the education in communism, further start the activities of "three ardent loves, being the master, make new contributions and establish new customs," work out common service pledges for different service trades and the regulations for staff and workers, teach staff and workers to become laborers with ideals and morals, who are educated and well disciplined. At the same time, strengthen the training of staff and workers, continuously raise the cultural, technical and political quality of the contingent of staff and workers. This is a vital guarantee for the promotion of quality and the development of varieties.

CSO: 4006/268

ECONOMIC MANGEMENT

DECENTRALIZATION OF INDUSTRIES ANNOUNCED

Fuzhou FUJIAN RIBAO in Chinese 6 Jan 83 p 1

[Article: "Part of Province-run Enterprises Will Be Transferred Under Cities' Administration--The Provincial Party Committee and the Provincial Government Made Several Important Decisions on Organization System Reform"]

[Text] Based on the spirit of the 12th Party Congress and the 5th session of the 5th National People's Congress, the provincial party committee and government have recently made several important decisions on the issue of organization system reform.

1. A considerable part of province-run industries will be transferred to be administered by cities. This measure will contribute towards the direction of integrating urban and rural areas and combining local and central authorities; it will avoid artificial break-ups and develop national economy. It will contribute to fully developing the city in its role as economic pivot; and will make it possible, within the limit of the city, to carry on unified planning of municipal, county, communal and production team industries, organize readjustment and cooperation, promote technical reform, and avoid repetition in construction, backwardness halting progress, counterproductivity and waste of strength. It will contribute to strengthening of concrete leading of enterprises and overcoming the phenomena of multiple leadership and mutual containment. It will contribute to the reduction of levels, the riddance of bureaucracy, and will increase work efficiency. After the transfer of province-run enterprises, the provincial departments and offices, as well as industries, must still play an active role. Their main responsibility are good industrial planning, formulating of technical and economic policies, organizing of coordination, supervision and inspection in the service of the enterprises, and they should concentrate on some major issues.

Provincial and transregional economic entities (companies, head offices of factories), enterprises managed jointly by the ministry and the province, and province-run enterprises with joint foreign investments will retain their administrative organization systems. They will not be transferred at present.

2. Starting 1983, living quarters for staff and workers and office buildings to be built in Fuzhou area will all be under the responsibility of Fuzhou City, with the exception of continuing construction projects, several projects of large scale buildings, and university and professional college buildings and

scientific research institutions. The provincial building industrial bank has loaned Fuzhou City 30 million yuan for buildings which, after completion, will be sold to units for use. This way, it will help programming overall city construction and reduce a great deal of work for the enterprises in land requisitions, arranging of the three [construction] materials and construction space.

3. In order to avoid too rapid an increase in city population which would bring great pressure on the life of city residents, it is required that Fuzhou City improve its control over the increase of its population. It has also been decided that the households of provincial organizations will also be transferred under the city's administration for the sake of unified planning and control.

12200

CSO: 4006/209

ECONOMIC MANAGEMENT

CADRE SYSTEM REFORMED IN FACTORIES, MINES

HK050342 Beijing BEIJING REVIEW in English No. 5, 31 Jan 83 pp 5, 6

[Text] Reform of the cadre system is being conducted in an increasing number of factories and mines as they introduce democratic elections of directors, advertise for professionals and remove incompetent cadres from their posts.

Reform is necessary because quite a number of China's cadres lack modern scientific or technological knowledge and are advanced in age.

In the past, a cadre would hold a leading post indefinitely once he was appointed, irrespective of his age or competence. He would only be removed as a punishment for making serious mistakes.

This resulted in overstaffing and bureaucracy, which is compatible with the country's socialist modernization drive.

To reform the cadre system, the 12th National Congress of the Chinese Communist Party last September decided to abolish the de facto life-long tenure for leading cadres.

The reform is expected to increase the educational level, professional competence and revolutionary qualities among cadres, and to lower the average age.

During the reform of the party and government organizations at the central level, many younger and more competent leaders have been promoted to replace veteran cadres. The latter have been either appointed as advisers or retired.

The reform of the cadre system has also been practised at local and grass-root levels.

Since 1982, directors and managers have been elected by workers in 450 Beijing factories. Leaders thus elected have proved competent, devoted to their work and impartial in handling matters and therefore enjoy extensive support.

In a democratic election at a Beijing radio elements factory, Yang Juwei, 50, was voted in as director. A college graduate, Yang came to the factory

in 1969 and became a worker, a vocational education teacher and production dispatcher before being appointed deputy director in 1979. He was elected director because he showed an ability to solve difficult problems in production and management.

Upon taking office, he presented a plan for raising the factory's annual profits from the 1982 figure of 1.3 million yuan to 1.5 million in 1983 and 2 million in 1985. He also promised to improve the workers' housing and other welfare benefits. "If I fail," he said, "I will resign."

Another defect in our present cadre system is that qualified people cannot fully use their skills in their work. The distribution of professionals is unbalanced. Some units are overstaffed while others are shorthanded. This is because, for many years, cadres and other professionals were assigned by the state which could not meet the actual needs of every enterprise.

In recent years, units that need professionals have begun to advertise for scientific, technical and management personnel. More than 200 professionals transferred from Shanghai to east China's Anhui Province in three months last year in response to such advertisements.

To help some enterprises end their prolonged losses, the Liaoning provincial government decided last year to replace some unqualified leaders with more competent cadres. It also issued instructions that cadres who were removed from their posts should not take equivalent positions in other places.

Many units throughout China are paying close attention to the training of cadres, an important measure for the reform of the cadre system.

CSO: 4020/52

ECONOMIC MANAGEMENT

'CHINA DAILY' INTERVIEW ON ENTERPRISE TAX SYSTEM

HK060249 Beijing CHINA DAILY in English 6 Feb 83 p 2

[Report by staff reporter: "State Enterprises to Deliver Taxes Instead of Profits"]

[Text] Since 1979, sweeping changes have been under way in the management of China's state-owned enterprises. To learn more about the implications of these changes, CHINA DAILY [CD] interviewed noted economist Qian Jiaju. Excerpts follow:

CD: Reforms in financial management are now being tried in many of China's state-owned enterprises. Would you explain the implications of these reforms?

Qian: The principal reform is called "substituting taxes for delivery of profits to the state." This means that state-owned enterprises will begin to pay taxes to the state instead of simply turning over their profits. Under the old system, enterprises were treated as subsidiaries of the state and turned over all of their profits. This absolved the enterprises of any responsibility for losses and gains.

CD: How does the new tax system work?

Qian: Generally speaking, enterprises must now pay four taxes. The first is the industrial and commercial tax, which is a fixed amount. The second is a tax on their profits, which is also a fixed amount. In addition, they must pay an earnings tax of 40 percent and an urban construction tax of 5 percent.

CD: What do you expect these reforms to achieve?

Qian: I believe they will raise the efficiency of these enterprises and in turn improve our national economy. Since enterprises are now allowed to keep their profits after taxes, they will have every incentive to improve their work. This was not so in the past. Under the old system, enterprises were responsible for neither profits nor losses. Whatever profits they made were returned to the state and whatever losses they suffered were made up by the state. Because their financial interest and workers' bonuses

were not directly linked to their performance, leaders and workers paid little attention to efficiency in management or improvement in technology. This indifference has seriously affected production.

Competition

CD: This new system is similar to those used by capitalist countries. Is it compatible with China's socialist economy? Won't these enterprises compete fiercely with each other for bigger profits as their counterparts do in the West?

Qian: No one has ever said that this system of taxation must be restricted to capitalism. So long as it works, it can also be used by socialist enterprises. Don't confuse the capitalist and socialist enterprises, though. Our enterprises are owned by the state, and their profits go to those who make them. Capitalist enterprises are privately-owned and the lion's share of their profits is pocketed by a small number of people.

As for competition, is that such an ugly word? Socialist enterprises also need competition. Through competition, socialist enterprises will be encouraged to cut their cost, increase production, and improve the quality of their products. This is exactly what we want.

CD: What if some enterprises are unable to pay their taxes, despite all their efforts? Is there any possibility of closing down such enterprises?

Qian: It all depends. If external circumstances, such as unreasonable price or labour policies or other social factors, bring about their failure, the state will assume the responsibility. But if their failure comes as a result of their own poor management, they will be closed down.

CD: Is this new system a permanent reform or is it only an expedient measure?

Qian: It is a permanent reform.

CSO: 4020/52

ECONOMIC MANAGEMENT

BEIJING COMMERCIAL SYSTEM REFORMS NOTED

Beijing JINGJI RIBAO in Chinese 8 Jan 83 p 1

[Article by Cai Yen [5591 6056] and Li Zhixian [2621 1807 6343]: "Beijing Makes A Start in Reforming the Commercial System"]

[Text] The Beijing Municipal Party Committee and the Beijing Municipal Government have decided to adopt the operational management responsibility system for all state-operated and collective commercial businesses and service network outlets along both sides of Qianmen and Xidan streets.

Along Qianmen and Xidan streets there are 392 commercial businesses and service network outlets under the jurisdiction of the ward, 58 percent of which are small enterprises employing fewer than 30 people, while close to 100 are large and medium-sized enterprises employing over 50 people. The businesses which have adopted the operational management responsibility system include miscellaneous goods, clothing, clocks and watches, opticals, trust companies, subsidiary foodstuffs, vegetables, grains, food, services, repairs, dyeing and receiving stations for waste materials.

Those businesses which have adopted the operational management responsibility system are required by the municipal party committee and the municipal government to see to it that the interests of the consumers are not impaired and that there should be an increase in the incomes of the units and workers so long as the financial returns to the national treasury are also increased instead of being reduced. The following seven forms of the responsibility system may be adopted:

First, as regards the profit-contract system, a certain amount of profit is to be retained according to a set ratio. Half of the excess amount is to be paid to the state and the other half is to be retained by the enterprises.

Second, under the increasing profits contracts, the entire amount of profit in excess of the amount stipulated in the contract is to be retained by the enterprises.

Third, state-operated food and service businesses are to pay taxes according to the 2-8 ratio, that is, 20 percent is to be paid to the state, while 80 percent is to be retained by the enterprises.

Fourth, under collective contracts, the small-sized stores are to undertake the payment of income taxes collectively and are to assume responsibility for profits and losses.

Fifth, under all around contracts, the enterprises are to contract individual workers or teams to complete large-scale tasks. After profit taxes have been paid to the state, what remains is to be kept by the individual workers or teams.

Sixth, the commercial and industrial enterprises operated by the businesses as well as enterprises which have set up stores in the front and factories in the rear are to pay taxes in substitute for profits formerly payed into the state.

Seventh, contracts covering losses are to apply to the money losing enterprises. Losses exceeding the amount stipulated are not to be repaid, while the amount below that stipulated in the contract is to be retained by the enterprises.

It was emphatically pointed out by the municipal party committee and the municipal government that the various units are to adopt, on the basis of actual circumstances, whichever form is most suitable and yields rapid results after it has been discussed and approved by the masses and the leadership. Aside from the forms mentioned above, other forms may also be adopted on a trial basis. In any case, the units are to adopt whichever form that best serves to integrate responsibility, power and profits, to motivate the positive socialist attitude of the workers, to broaden the autonomous powers of the enterprises, to improve the standard of administration, to eliven business operations and to bring higher benefits to the people.

The decision made by the municipal party committee and the municipal government was warmly received by large numbers of workers after it had been made known to the workers employed by the businesses. They indicated that they had long lost the desire to "eat out of one large pot", that they were in firm support of the adoption of the responsibility system, that they were determined to make it work and that they would strive to put the enterprises on a sound footing.

9621

CSO: 4006/211

ECONOMIC MANAGEMENT

INDUSTRY-COMMERCE COOPERATION URGED

Guangzhou GUANGZHOU RIBAO in Chinese 22 Nov 82 p 1

[Article by the Staff Commentator: Vigorously Promote Cooperation Between Industry and Commerce and Alliance Between Industry and Commerce"]

[Text] In the second half of this year, some industrial and commercial enterprises in our municipality have strengthened cooperation between industry and commerce, implemented industry-commerce alliances and greatly improved the relationship between industry and commerce. Their experience has been taken seriously by the provincial and municipal leading organs.

Over the last 2 years, in our municipality, the sale of some light industrial and textile products and daily industrial products on the domestic market has decreased. Some products have even lost their original market. An important reason was the disharmony in the relationship between industry and commerce.

While they have products that are in great demand, some of our industrial enterprises did not seize the opportunity to rely on the broad sales channel of commerce in promoting the products and expanding the market. Instead, they looked at the little profit before their eyes and concentrated on promoting the sales themselves in an effort to obtain more profit. Also, there are some industrial enterprises which, while their products were unmarketable, did not actively improve the products but complained about the commercial departments for not purchasing them. They sold the products to the basic-level commercial stores at various prices and disrupted the sales plan within the commercial system. On the other hand, when the purchase of a marketable local product was insufficient, the commercial departments set up points at various places within the province to carry out production, or purchased the product from other places in order to satisfy the demands on the market. The result of these individual undertakings was tension in the relationship between industry and commerce. In the market competition between industry and commerce, instead of combining their strength, they cancelled out each other's strength. Consequently, the local products were withdrawn from many markets inside and outside the province and both industry and commerce suffered losses.

Now, after they have suffered from these lessons, some of our industrial and commercial enterprises have understood the principle that they will "both

be benefited from pulling together and be hurt from pulling apart." One after another, they seek the road of strengthening cooperation and alliance. In the past 6 months, the industrial and commercial enterprises in the knitting, cotton textile and rubber trades have adopted various forms in implementing cooperation between industry and commerce and alliance between industry and commerce, stabilized the relationship between production and sale, resolved some of the contradictions between production and sale among industry and commerce and opened up sales for the products. Practice proves that strengthening cooperation between industry and commerce and implementing alliance between industry and commerce are extremely favorable to making the production and sales plans dovetail, developing production and expanding circulation.

To do a good job of cooperation between industry and commerce and alliance between industry and commerce, it is first necessary for both industry and commerce to carry out adequate consultation in order to strive to solve the present contradiction between production and sales in the form of signing of agreements. It is necessary to balance the work of production and sales according to the state plan and the demand on the market. Once the industrial and commercial parties reached a production and sales agreement, both parties should abide by it strictly. Secondly, it is necessary to implement the principle of equality and mutual benefit. This is the key to the success and consolidation of the industrial-commercial alliance. In order to favor the resolution of the contradiction between production and sales, the development of production and the opening up of market, it is necessary for industry and commerce to mutually give up some of their own profit. For instance, commerce can appropriately give up some profit by purchasing the marketable items which industry has overproduced and has to sell on its own so as to enable commerce to expand its market and industry to develop its production. Industry can appropriately give up some profit by letting commerce purchase the unmarketable products so as to enable commerce to stock up during the slack season and promote during the brisk season and industry to maintain equilibrium in production. The joint experience of some industrial and commercial enterprises proved that as long as they carried out adequate consultation, both parties could understand that giving up some profit was favorable to solving the contradiction between production and sales, and that giving up some profit could attain the purpose of mutual benefit. They said: "Only by giving up small benefits can we obtain large benefits; if we are unwilling to give up small benefits, then both our parties will not be benefited." This is the conclusion of their experience. Furthermore, it is necessary to promote the organization of various forms of cooperation and allied bodies among industry and commerce. There can be low level ones as well as high level ones. There can be ones with single items and ones with many assortments of items. There can be long-term ones and also short-term ones. It is necessary to take into consideration the various undertakings, and make use of various forms to revitalize production and revitalize the market. Now, many industrial and commercial enterprises are launching such activities as joint market investigation, joint promotion of sales, joint selection of varieties and fixing of production and joint fixing of prices, all of which are favorable to developing production and expanding circulation. This is the time to vigorously promote cooperation between industry and commerce and alliance between industry and commerce!

ECONOMIC MANAGEMENT

TECHNOLOGICAL TRANSFORMATION OF EXISTING ENTERPRISES URGED

Fuzhou FUJIAN RIBAO in Chinese 26 Nov 82 p 1

[Article by Huang Bingwen [7806 3521 2429]: "Technological Transformation is a Strategic Measure in Vitalizing Industry"]

[Text] In his report at the 12th Party Congress, comrade Hu Yaobang pointed out: "In the years to come, we must promote large-scale technical transformation in a planned way, popularize technical measures that have yielded good economic results, and actively introduce new techniques, equipment, technologies and materials." This is a major strategic measure in initiating a new situation in the socialist modernization, is a key link in promoting the all-round upsurge of the socialist economy, and in realizing the great goal of quadrupling production, and is also a basic policy for the economic construction in the future.

In view of the present condition of our province's industry, the urgent question that needs to be resolved at present is the technological transformation of our existing enterprises. Since the liberation, our province has initially established metallurgical industry, electricity, coal, chemical industry, machinery, construction material, forest industry, light industry, electronics and medicine departments; has possessed over 6 billion yuan of fixed assets; has over 10,000 enterprises and has already had a definite industrial foundation. However, due to long-term negligence in the technological transformation of the enterprises in operation, with the majority of the enterprises, the equipment is old, the technology is backward and the conditions for testing and calculation are poor, resulting in a serious condition of low quality of the finished products, few varieties and high consumption. Our province's technological standard of production is relatively backward. Our various economic and technological quotas are way behind those of the advanced provinces and municipalities at home. Last year, our province's value offered by every 100 yuan of fixed assets was 239.6 yuan less than Shanghai; our profit was 60.7 yuan less; our entire labor productivity was about 19,100 yuan less, and our energy consumption is every 10,000 yuan of value was about 1.4 times higher. The differences are great and the potentials are also great. If we successfully transform our existing enterprises, enable them to reach the present level in Shanghai, our province can more than double its industrial production. We must grasp the technological transformation of our existing enterprises as an important link in developing the economy.

In the light of the demands the present economic situation makes on our province, grasping well the technological transformation of our existing enterprises is also a task before us which we should not postpone for even a second. The Central leading comrades hoped that Fujian Province would take the lead in the four modernizations, and asked that we primarily rely on our own strength in striving hard to quadruple the total value of industrial and agricultural production by the year 2000. Our province's energy resources and communications are in short supply, so are our funds and raw materials. We cannot rely on large investments on building new factories, nor can we expect to realize the above goal on the basis of our old techniques, old equipment, old technologies and old materials and products. We must rely on technological progress. Only by doing a good job of the technological transformation of the existing enterprises and giving full play to the role of the existing enterprises can we change the outlook of production technology and raise labor productivity in a relatively short period of time; can we economize energy resources and raw material, create and accumulate wealth and create conditions for the building of a new realm of production, thereby meeting the needs of quadrupling production.

In light of the practice of technological transformation in the last 2 to 3 years, the results have been obvious. Our province's chemical industrial trade vigorously grasped the transformation of small chemical fertilizer plants, promoted the boiling furnace, high efficiency fan and the retrieval and use of surplus heat. Between 1977 and 1981, they economized a total of 500,000 tons of standard coal and 145 million watts of electricity, which made up 37 percent of the total energy consumption in chemical industry last year. The electronics industry actively imported advanced technology and key equipment and apparatuses, transformed the existing enterprises and worked hard to develop the appropriate sale of electronics products. Compared to 1979, the total output value in 1981 increased by 61 percent and the total sum of taxes and profits increased by 1.2 times. In recent years, industry has grown more rapidly in Xiamen Municipality and other localities and municipalities. Among the growth in value, three-fourths were attained through the tapping of potentials and transformation of the existing enterprises. The technological transformation of existing enterprises is less expensive with faster results than the building of new enterprises and is favorable for speeding up the process of industrial modernization.

At present, the technological transformation of enterprises should revolve around the central link of raising economic results and be launched with emphasis and in a stepwise fashion. In the light of the reality in our province, we must first place in an important position the measure to increase production and practice economy on energy resources. By the end of this century, our province will only roughly double the production of energy resources. Only by carrying out technological transformation which will reduce energy consumption by one half can we meet the needs of quadrupling industrial production. Our urgent task is to transform and renew energy consumption equipment, in particular eliminate the old low-efficiency furnace. If the coal consumption of the thermoelectric plants and the energy consumption in chemical fertilizer plants are lowered to the average level of

that throughout the country at present, and if the heat efficiency of our industrial furnaces reaches the standard set forth by the state, then we can save nearly 1 million tons of coal every year. Secondly, we must continue to grasp well the technological transformation in light industrial, textile and electronics products in order to raise the quality of production, increase design, color and variety and increase exports. This is an important measure in further developing the production of consumer goods, satisfying the needs of the people and striving to bring about a basic turn for the better in our financial state. As long as the electronics trade carries out properly the technological transformation of its existing enterprises, it will increase its total production value by more than 10 times after 20 years. Thirdly, the machinery industry's main task is to provide advanced technological equipment for the technological transformation in the various departments of the national economy. Thus, the technological transformation of the machinery trade should come first. Such key machinery products as loading machinery, electrical machinery and energy-saving equipment must be promoted as soon as possible through enterprise transformation. Fourthly, the raw materials industry is the basis for developing the economy. Only by vigorously grasping the technological transformation of the metallurgical, chemical industrial, construction materials and forestry industrial undertakings and by continuously providing sufficient new materials can we meet the needs of the four modernizations.

In grasping the key undertakings, we must also grasp the key enterprises. The Sanming Steel Mill, the Fuzhou No. 2 Chemical Industrial Plant, the Qingzhou Paper Mill, the Xianyou Sugar Refinery and the Longven Tobacco Plant and tens of other factories have had an annual output value of over 10 million yuan and yielded over 5 million yuan in taxes and profits to the state. If we first carry out properly the technological transformation of these key enterprises, then in a relatively short period of time we will be able to double the output value and profit. This will bring about a decisive influence on the industrial development in our province.

In order to carry out technological transformation with emphasis and in a stepwise fashion, we must do a good job of overall planning and compile a plan for a multilevel technological transformation. First, we must organize forces in carrying out investigation and study and specify the orientation emphasis, technological policies and equipment policies for the various undertakings. Then, under such guidance, compile a regional plan, focal city plan and enterprise overall plan so as to prevent the tendency to not consider economic results, to rush headlong into mass action, to start projects blindly and to carry out redundant construction projects. The plan for the enterprises should concretely set forth the items for transformation, the reciprocal link into complete sets of new techniques, new skills, new equipment and new materials, and the link up of supply, production and sales. Put into practice the concerned conditions one by one, with concrete calculation of their proof of practicability, with schedule of progress and with projected results. We must also fully mobilize the staff members and workers to carry out discussion conscientiously and give full play to the enthusiasm of the technological personnel and masses of staff members and workers in carrying out technological transformation.

In order to speed up the technological transformation of enterprises, we must give full play to the favorable condition of our province's open-door policy and actively import and adopt advanced production technologies both from home and abroad. We must actively import advanced technologies and equipment from abroad. At the same time, we must attach importance to the cooperation among advanced provinces, municipalities and departments at home. Our province has already scored gratifying results in adopting a variety of forms such as joint investment and management, cooperative production, external processing and compensatory trade and in making use of foreign investment to transform the existing enterprises. In the future, we must continue to actively carry these tasks out in the light of the concrete conditions and the practical needs of the various undertakings and enterprises. Only in this way can we effectively make use of the advanced technologies, skills and equipment both at home and abroad, make improvement and new creations on the basis of grasping and absorbing these aspects and strive to attain the advanced level with the same undertakings throughout the country within a short period of time.

The progress in industrial technology has a broad prospect, and the task of technological transformation in the enterprises, which has a large volume and which has to be carried out on many points and over a wide surface, is a complicated and arduous long-term task. We must practically strengthen leadership and conscientiously solve the problems of management body, policy and method in technological transformation so as to enable the technological transformation of the existing enterprises to have a tremendous internal motive force. We must further make appropriate arrangements in such aspects as funds, materials and technological strength, do a good job of comprehensive balance, strengthen planned management and inspection, and implement in practice the various measures in technological transformation.

9335

CSO: 4006/161

ECONOMIC MANAGEMENT

MANAGEMENT RESPONSIBILITY SYSTEMS IN NANJING DESCRIBED

Nanjing XINHUA RIBAO in Chinese 26 Nov 82 p 2

[Article by Ning Cai [1337 2088] at the Reporter's Station: "Implement a Multiform System of Responsibility in Management on a Broad Scale"]

[Text] As of 1980, the Nanjing municipal commercial system has successively implemented a multiform system of responsibility in management that includes contracting management on a broad scale in the collective commerce such as the restaurant and service trades as well as the non-staple food trade, department stores, tobacco and wine trades, sundry goods trade and repairs trade. Up till the present, over 2,600 shops are implementing various forms of system of responsibility in management. These shops occupy 85 per cent of the total number of shops of these trades.

The shops that are implementing the various forms of system of responsibility in management rang from markets that have over 200 workers and restaurants of several dozen workers to retail shops that have a few workers or even one worker. These shops are implementing one of the following three forms of the system of responsibility in management: One form is the staff members' and workers' basic wage plus a percentage deducted from the wage; a second is collective contracting by the staff members and workers; a third is individual contracting by the staff members and workers. There are a total of over 200 shops that carry out contracting management. Forty per cent of the restaurants of the restaurant trade are implementing collective contracting management. For the shops that implement collective contracting, the economic nature does not change, the ownership relationship between the staff members and workers does not change, the testing and promotion do not change and the retirement plans and wages do not change. This has solved by varying degrees the problem of "eating from one pot," and has begun to enliven the city commerce.

In the process of promoting the system of responsibility in management, the Nanjing municipal commercial system paid special attention to combining the economic responsibility with the social responsibility of the enterprises and combining the economic results with the social result of the enterprises. Economic responsibility and economic results refer to all the economic items and quotas, including that part of the profits turned over to the state, taxes

and charges. Social responsibility and social results refer to the hours of operation, management orientation, standards, quality, price policy, supply policy as well as sanitation and hygiene, service items and service attitudes. Then, through setting up concrete targets, implement in reality the two major tasks of the socialist shop as an economic unit as well as a window of spiritual civilization.

After implementing the system of responsibility, this large group of shops has strengthened the staff members' and workers' sense of responsibility as masters, promoted democratic management, attained both good economic and social results as well as benefit for the state, the collective, the individual staff members and workers and the consumers. Firstly, the consumers are benefited. Booths at the vegetables market are emerging one after another, restaurants have changed from generally serving one meal to serving two to three meals a day, and sundry goods stores have added the telephone order and delivery service. In short, there are more service networks, there are more varieties, there is better quality of service and greater convenience is offered to the masses. Secondly, the state's income has increased. The taxes yielded to the state between January and September this year has increased by 21.4 per cent compared to that of the same period last year. Thirdly, the collective accumulation has increased. An increase of 28 per cent has been recorded for the period between January and September this year as compared to last year. Fourthly, the individual income of the staff members and workers has in general increased.

9335

CSO: 4006/163

ECONOMIC MANAGEMENT

YUNNAN PROGRESSES THROUGH REGIONAL COOPERATION

OW111408 Beijing XINHUA in English 1138 GMT 11 Feb 83

[Text] Kunming, February 11 (XINHUA)--Southwest China's Yunnan Province reports significant technical progress and satisfactory results in its economic development through cooperation with other provinces and cities, according to provincial authorities.

Yunnan is one of China's underdeveloped regions, although it abounds in non-ferrous metal resources and is endowed with rich natural resources for energy, metallurgical and chemical industrial development.

Beginning in 1980, the province entered into cooperative agreements with 19 provinces and municipalities including Shanghai, Tianjin and Jiangsu and Guangdong Provinces, which are economically developed. People were sent to these localities to learn, run joint ventures and carry out compensation trade. More than 370 agreements were signed and over 90 of them have been completed.

In 1982, seven enterprises involved in the cooperative program reported an increased profit of above one million yuan in comparison with that prior to cooperation, five reported an increase above 500,000 yuan. Over 100 other enterprises also reported profit increases to varying degrees.

The Luxi nitrogen fertilizer plant had been running at a loss ever since it was set up in 1974. In 1981, assisted by the Nanhui chemical plant of Shanghai, the factory reduced the cost of ammonium carbonate from 147 yuan to 108 yuan. In 1982, the plant earned a profit of 1.3 million yuan, listed among the most efficient small chemical fertilizer plants in the country.

The cooperation also helped improve quality of products and expand outlets. Ten textile enterprises reported that their standard rate of products had risen to over 90 percent. The Kunming thermos flask factory reported increasing its top rate products from 30 percent to 65 percent.

According to provincial authorities, over the past three years more than 500 technicians and managerial personnel were sent to Yunnan by other provinces and cities to run training classes and give lectures. In

addition, the province sent 1,171 people to its cooperation partners to learn their experience.

Other provinces and cities have also benefited from the raw materials produced in Yunnan such as tin, timber, sugar and other goods that are in short supply.

CSO: 4020/51

ECONOMIC MANAGEMENT

BEIJING SHOPS REPORTED ADOPTING CONTRACT SYSTEM

OW311029 Beijing XINHUA in English 0715 GMT 31 Jan 83

[Text] Beijing, January 31 (XINHUA)--To date, 1,382 department stores, groceries and other shops in the Chinese capital have signed contracts for implementing the responsibility system, which is linked to productivity and efficiency, according to this morning's BEIJING DAILY.

This represents more than ten percent of the commercial units in Beijing and a large number of other shops are prepared to become a part of the system, the paper says. By yesterday, most of the 400 stores and service shops along Beijing's two major streets, Qianmen and Xidan, had already instituted the contract system.

By the end of March of this year, all commercial organizations in the capital at the grass-roots level will have signed contracts for practicing the responsibility system, the paper predicts.

Arrangements for speeding up the reform of commercial work in Beijing were made yesterday at a meeting attended by municipal government leaders, district heads and leaders of various commercial departments of the city, the paper adds.

The contract system should benefit the state, the collectives and individuals, including customers and shop assistants, BEIJING DAILY says. Those who work more should really get more, the paper stresses, and old methods of automatic egalitarianism should no longer be used.

CSO: 4020/51

ECONOMIC MANAGEMENT

'FRIENDSHIP STORE' TO ADOPT RESPONSIBILITY SYSTEM

OW311047 Beijing XINHUA in English 0719 GMT 31 Jan 83

[Text] Beijing, January 31 (XINHUA)--In order to provide better service, the major retail establishment for foreign residents of the Chinese capital--called the friendship store--will do away with the "big pot" wage system and implement the responsibility system on a tentative basis starting tomorrow. Early last month Beijing overtook other cities in China by introducing this new system to its commerce and services.

After the responsibility system is put into effect, the quality of service and management will be improved, store manager Liu Jinbin predicted. The friendship store, which includes a new supermarket section, has a total of 1,038 workers and sells more than 70,000 varieties of consumer goods, non-staple food, and arts and crafts. The store had a total of 1.3 million customers last year.

According to a contract signed by the store and its supervisory authority, profits turned over to the state by the store will increase on a yearly basis while the store will be able to draw 2.5 percent of its total profit as development funds, welfare funds and bonuses, after handing over taxes. The store will be permitted to retain 50 percent of any extra profit it makes over the set target. According to Liu, the store will adopt the following measures:

1. A floating wage system will be instituted, under which 20 percent of each worker's total wage will be drawn and redistributed together with bonuses to workers according to the principle of "to each according to one's work."
2. Specific management targets and standards for judging the quality of the service will be worked out for every department, unit and individual, and examinations will be carried out at all levels.
3. Section heads, group leaders and departmental directors are all to be elected instead of being appointed.
4. Those who violate discipline and refuse education will be penalized, including warnings, demotions and even discharge.

"In order to fulfill our targets," Liu Jinbin said, "we will import a number of goods while further expanding domestic resources of supply and add 2,000 kinds of goods this year."

"We will also act as an agent to handle shipping insurance, consignment shipments, and also offer repair and other services," the manager said.

CSO: 4020/51

FINANCE AND BANKING

BANK OF CHINA HELPS DEVELOP GUANGDONG ECONOMY

OW271310 Beijing XINHUA in English 1145 GMT 27 Jan 83

[Text] Beijing, January 27 (XINHUA)--The Bank of China expects to provide Guangdong Province with a loan of 6.45 billion yuan in RMB and 300 million U.S. dollars in 1983 to help expand foreign trade, upgrade small and medium-sized enterprises and aid key construction projects.

Xing Gangming, general manager of the Guangzhou branch of the Bank of China, said this to XINHUA in an interview today. He is in Beijing for the bank's national conference, which closed yesterday.

This year's loans, both in RMB and foreign exchange, constitute 7.5 percent and 100 percent increases, respectively, over 1982, the official said.

In issuing the loans, Xing Gangming said, priority is given to exports of ships and machinery, developing offshore oilfields in the South China Sea and building a nuclear power plant in the province.

Xing Gangming said the measures to be adopted this year by the Guangzhou branch in developing local economy include:

-- Standardizing international accounting to help stimulate circulation of funds;

-- Continuing to encourage such business undertakings as processing and assembling with materials and parts supplied by clients and compensation trade;

-- Expanding trust and consultancy services, inheritance entrustment and trust and investment services;

-- Financing construction of the Shenzhen special economic zone, one of China's four special zones established since 1979.

Last year, Xing Gangming recalled, the Guangzhou branch extended loans totalling six billion yuan for purchasing export goods and loans in foreign exchange amounting to 130 million U.S. dollars for technical transformation of medium-sized and small enterprises.

CSO: 4020/52

FINANCE AND BANKING

PRC TO RESTRUCTURE RURAL CREDIT COOPERATIVES

OW021939 Beijing XINHUA in English 0759 GMT 1 Feb 83

[Text] Beijing, February 1 (XINHUA)--China plans to restructure rural-based credit cooperatives this year in order to provide better service to peasants now expanding their economies under the responsibility system.

According to the restructuring program, the 55,000 credit cooperatives and their 31,300 sub-agencies in China will be given independence in management and are to assume full responsibility for their profits and losses. They will make loans to individual peasants and specialized households or groups according to state policies, and charge floating interest rate fixed by the Agricultural Bank of China. Dividends will be distributed to investors according to their shares in a move to give the credit cooperatives the initiative to expand their business, the Agricultural Bank said.

The rural credit cooperatives, where peasants can place their savings deposits and borrow loans, are collectively owned. They were established by peasants in the 1950's as mutual aid organizations. They played an important role in helping peasants restore and boost production through the issuance of loans.

The cooperatives were later assimilated into the larger structure of banks, and share ownership and dividends were suspended. This turned the cooperatives, which should have been relatively independent, into subsidiaries of the Agricultural Bank.

The new program will be carried out this year in one or two counties in each province, municipality and autonomous region, the bank said.

CSO: 4020/52

FINANCE AND BANKING

BRIEFS

TAX REGISTRATION--The offshore oil tax bureau under the Ministry of Finance, which began work this month, says taxpayers should register on their own initiative to pay taxes. With approval of the State Council, the bureau was set up late last year. It implements the state's tax law, providing unified management and collection for various taxes levies on offshore oil production. In addition to tariffs, which will be handled by the customs agency, Chinese and foreign enterprises participating in offshore oil exploitation should pay other levies, including consolidated industrial and commercial taxes, urban real estate taxes, and enterprises and individual income taxes, and vehicle and vessel licenses. The tax bureau has set up branches in Tianjin, Shanghai, Guangzhou and Zhanjiang. They are responsible for the Bohai Sea, the South Yellow Sea, and the eastern and western parts of the South China Sea. [Text] [HK090152 Beijing CHINA DAILY in English 2 Feb 83 p 2]

CSO: 4020/52

MINERAL RESOURCES

COAL PRODUCTION TARGET FULFILLED AHEAD OF SCHEDULE

Guangzhou NANFANG RIBAO in Chinese 25 Nov 82 p 1

[Article by Zhang Zhanbiao [1728 1455 2871] and Wang Dekuan [3769 1795 1401]:
"The Situation of Coal Production in our Province is Good"]

[Text] By the 20th of this month, our province's coal production had overfulfilled the plan for raw coal for the entire year 41 days ahead of schedule, and had increased our production by 10.6 percent compared to the same period last year. Our economic results have been markedly raised. The various technological and economic quotas have all met the demands set forth by the state. This is a better year among recent years in production.

This year, the reason why the coal production situation in our province is so good is primarily because many coalmines have implemented the economic responsibility system. At the same time, our province's rural economic policies this year are stable and the rural situation is excellent. Thus, the commune members engaged in coal extraction do not have worries and there is a marked increase in work attendance. For instance, in the Shaoguan district and the Meixian district where there is a relatively higher ratio of small coalpits, the number of commune members taking part in coal extraction in both districts increased by around one half this year compared to last year. This too has effectively promoted coal production. By mid November, the small coalmines throughout the province have overfulfilled the production plan for the entire year by 16.1 percent.

9335

CSO: 4006/161

MINERAL RESOURCES

BRIEFS

SHANDONG GOLD MINE--Jinan, 4 Feb (XINHUA)--The Shandong Provincial Geological Bureau has discovered a gold mine that it classified as "large," the bureau announced. Located on the border of Zhaoyuan and Yexian countries, the mine contains medium-grade gold ores associated with silver, copper and sulphite reserves at shallow depths. Experts say extraction will be easy, so will be ore dressing and transport. The mine was discovered by the bureau's No. 6 prospecting team, which has discovered 1/3 of China's verified gold reserves. [Text] [Beijing XINHUA in English 1106 GMT 4 Feb 83 OW]

CSO: 4020/51

INDUSTRY

PRC TO CONSTRUCT FIRST COMPOUND FERTILIZER PLANT

OW281754 Beijing XINHUA in English 1529 GMT 28 Jan 83

[Text] Beijing, January 28 (XINHUA)--Construction will soon begin on China's first large compound fertilizer plant in Lucheng County, Shanxi Province, the country's leading coal producer, the Ministry of Chemical Industry said today.

Using coal as its raw material, the plant is designed to produce annually 900,000 tons of nitrophosphate with 300,000 tons of synthetic ammonia. At the cost of 250 million U.S. dollars, the plant's equipment was imported from the Lurgi Corporation of West Germany and the Toyo Engineering Company of Japan.

At present, China has more than 2,000 large, medium and small chemical fertilizer plants with an annual production capacity of more than 12.7 million tons of pure fertilizer, mostly nitrogen fertilizer.

"The development of compound fertilizer is of great importance to agricultural development in China," said a leading official of the ministry.

He said construction of the project was postponed for three years due to the nationwide adjustment of the economy, but equipment for the plant was imported in 1978.

Producing nitrophosphate by decomposing phosphate rock with nitric acid, the plant will need 1 million tons of coal and 450,000 tons of phosphate concentrates as raw materials.

The official said that a special railway has been laid to the plant and the equipment has been carried to the spot. For the project, a power generating unit with an annual capacity of 100,000 kilowatts will be put into operation in the first half of this year.

CSO: 4020/52

INDUSTRY

NEW SMALL WATER TURBINES TO BE MASS-PRODUCED

OW140812 Beijing XINHUA in English 0700 GMT 14 Feb 83

[Text] Beijing, February 14 (XINHUA)--China has decided to mass-produce 32 varieties of water turbines for small hydroelectric power stations, according to the Ministry of Machine-Building Industry.

Designs of the water turbines have been standardized on the basis of research and trial operation. The products, available in eight series, have generating capacities of less than 500 kilowatts. They are expected to gradually replace the 13 existing series now in use throughout China.

Design of the new products began in 1979. Many research and production units and consumers participated in the joint study group.

Trial-operation in different types of power stations over the past year indicates that the water power utilization rate of the new products is 2.7 percent higher than the old series.

Each unit is equipped with an automatic hydraulic regulating device and a number of monitoring meters. The discharge parts meet international standards, the ministry says.

Development of small hydroelectric power stations is one of the important ways China hopes to solve its rural energy problem. The number of such stations in rural China now totals 85,000, with a combined generating capacity of 8 million kilowatts--nearly 40 percent of the generating capacity of all hydroelectric power stations in the country.

In recent years, China has exported 230 sets of small hydroelectric power station equipment, with a total capacity of 100,000 kilowatts, to the United States, the Philippines, Peru, Thailand and a dozen other countries. Many of the units were fitted out with the new water turbines.

CSO: 4020/51

CONSTRUCTION

HUNAN PROVINCE EXPERIENCES HOUSING BOOM

OW040856 Beijing XINHUA in English 0825 GMT 4 Feb 83

[Text] Changsha, February 4 (XINHUA)--Zhou Shanzhen has bid farewell to her old thatched cottage for good--her family's new house is nearly completed and they expect to move in for the spring festival, which falls on February 13.

"We never dreamed that we would have a red-brick two-storey house," said the 56-year-old woman peasant.

Zhou, with her husband and two sons, lives at Babaigong Commune, Nanxian County, on the shores of Dongting Lake in northern Hunan. Her two sons, one a tractor driver and the other a bricklayer, help in the fields during busy farming seasons. The family contracted for half a hectare of paddy field from the production team under the household responsibility system and harvested 5.5 tons of rice in 1982. With this and other income from family sideline production, they made about 5,000 yuan last year.

Leaving his bricklaying, Zhou's older son showed visitors around the new house. The six rooms have a floor space of 200 square meters. The flat cement roof can serve as a sunning and drying ground and the storage shed is right under the outside staircase. Zhou said it was large enough even taking into account future generations. She expects her two sons to get married in a few years and live at home.

Zhou's house is not unique in the village. Of the 490 households there, 132 now live in two-storey houses and others are preparing to build. The new houses, with large windows, are sunny and well-ventilated and comfortable to live in, while the old thatched cottages were low, damp and dark, with only a few holes for windows. Some people complain that the storage shed, designed to hold two tons of rice, seems a bit small.

Hunan's capital construction commission organized a contest in 1981, for designs of new rural houses. Forty-eight designs were selected for peasants to choose from, taking into account different local conditions. The peasants were permitted to request alterations in design to meet personal preferences.

The commission also is in charge of the planning of the lay-out of villages and towns. In Babaigong Commune, the new houses are located along irrigation canals and roads and surrounded by trees, with vegetable plots in front and small fish ponds behind, and it takes only a few minutes for the peasants to get to the fields. In the older villages, residences are often scattered.

By the end of last year, 40,000 of the 100,000 peasant families in Nanxian County had moved into brick-and-tile houses. According to the provincial capital construction commission, one-fifth of the province's 10 million rural households have built new houses since 1979.

Zhang Zhigang, a Nanxian official, attributed the house building boom to the rapid development of agricultural production in the last few years. He said, the county's agricultural and sideline production output value in 1982 nearly doubled that of 1978, and individual's bank savings totalled 9.5 million yuan, nearly five times that of 1978.

In Nanxian, peasants don't have to go far for building materials as there are 19 brick-and-tile kilns and eight workshops that produce prefabricated parts, run either by the county or the communes. A still larger number of small kilns and workshops are run by production brigades. The state supplies the peasants with steel, cement and glass. Bricklayers come from among the peasants.

In order to save land, Babaigong Commune supplies building materials at cut prices and gives allowances to peasants who build two-storey houses. Zhou Shanzhen's new house cost the family roughly a year's net income.

Older peasants on Dongting Lake still have bitter memories of floods. "In the old days, when flood waters came we pulled down our small cottage and made a small raft from the beams," recalled Zhou Shanzhen. "Now such things will never happen again."

Zhou has reason for her confidence. Since 1954, which saw the heaviest Yangtze torrent in a century, 370 kilometers of dikes in Nanxian have been rebuilt and strengthened and pumping stations built. In 1980, flood water levels rose higher than that in 1954, but no dikes were breached. This winter nearly all able-bodied peasants there are busy either building houses or working on the dikes.

CSO: 4020/52

CONSTRUCTION

ECONOMIZING ON TIMBER CONSUMPTION REAPS BENEFITS

Beijing JINGJI RIBAO in Chinese 8 Jan 83 p 1

[Article: "Composition of Timber Usage Begins to Change; Rate of Comprehensive Utilization Increases Constantly--Nationwide Timber Saving and Use of Substitute Materials Achieves Great Results--More than 6 Million Cubic Meters of Timber Saved Last Year, Equivalent to One-Fifth of the Amount of Allocation in the Plan"]

[Text] Special correspondent Su Jiabin [5685 0163 2430] reports: In 1982 areas and departments nationwide actively launched and carried out economizing on timber and use of substitute materials and have achieved encouraging results. The whole country has saved and substituted 6,570,000 cubic meters of timber, equivalent to the annual output of 20 or so medium-size forestry bureaus and approximately one-fifth of the amount of timber allocation planned for that year.

Economizing on timber and use of substitute materials in the past year had two outstanding characteristics: One was the rapid development of various timber substitutes. The composition of timber usage has begun to change. In the light of specific situations and in line with local conditions, various areas and departments have promoted and utilized substitutes for timber. For example, wood has been substituted by steel, plastic, magnesite concrete, cement, as well as twigs of the chaste tree [weaving strips] and bamboo strips, etc. Last year use of substitutes has saved 3,810,000 cubic meters of timber, 58 percent of the total amount of timber saved and substituted. With this, timber consumption in building has been greatly reduced. The use of timber on civil building of Shanghai residents has reduced to 0.017 cubic meter; 0.02 cubic meter for Beijing residents, and 0.03 for Tientsin.

The second characteristic was the rapid growth of the comprehensive timber utilization rate. The in-depth launching of comprehensive timber utilization has been pushed forward by placing the city as centre, recalculating timber distribution quotas, processing and supplying on the spot and in the neighborhood. According to the statistics of 14 provincial, municipal and autonomous timber companies, the rate of their comprehensive timber utilization has reached 82.7 percent, beyond the nationally required 80 percent. Hangzhou City Timber Company's timber utilization rate has reached more than 90 percent, thus taking the first place in the nation. A number of provinces and autonomous regions

where timber is the primary product have also mobilized the masses to reform firewood burning, forcefully pushed for comprehensive use of leftover timber in felling areas. They have combined the comprehensive use of timber simultaneously with timber production, and have made contributions to economizing on timber.

12200

CSO: 4006/209

DOMESTIC TRADE

'RENMIN RIBAO' ON IMPROVING COMMERCIAL WORK

OW080800 Beijing XINHUA in English 0747 GM 8 Jan 83

[Text] Beijing, January 8 (XINHUA)--Commercial departments must smash "big pot" practices and improve their work in earnest, says an editorial in today's "PEOPLE'S DAILY."

State commercial businesses, the editorial says, are still hanging on to the old practices of monopoly marketing and "eating from one big pot" and the old ways when commodities were in short supply. They have not been keeping abreast of the new situation arising from the developed industrial and agricultural production and the rising living standards of the people.

The editorial says that China's commerce should be an "open" circulation system, with fewer intermediate links. State-owned business organizations are the leading factor in the system, but they should allow the development of other economic forms and varied ways of operating and marketing.

The editorial calls for more innovative thinking and breaking away from old conventions. Structural reform in commerce involves the establishment of state commercial companies that separate political administration from business management; streamlining wholesale set-ups and simplifying administrative structure; restoring rural supply and marketing cooperatives to their truly cooperative nature; practising joint operation of industrial enterprises with commercial enterprises or agricultural units with commercial organizations; and vigorous development of collective and individual businesses.

The editorial stresses the necessity of correcting erroneous ideas and eliminating "leftist" influence. All commercial organizations should institute the management responsibility system and stop "eating from one big pot," by combining responsibility with power and interests and taking into consideration the interests of the state, the enterprises, staff members and consumers.

Restructuring the rural commercial system and smoothing out sales and distribution channels between rural and urban areas are key to promoting further development of rural economy, the editorial says. Rural supply and marketing cooperatives should be made truly cooperative and management should be more

democratic and flexible, so that it coincides with the economic interests of peasants. Transportation for sales, short-distance or long-distance, should be encouraged so long as it does no harm to state plans or violates state policies and decrees.

The development of collective and individual businesses should be further encouraged, the editorial says, calling for an end to the practice of discriminating against, restricting or swallowing up collective businesses.

Individual businesses are not to be ignored, the editorial stresses. Individuals should be allowed to do the things that cannot be done by state or collective businesses. "Doors" to them should be kept wide open and restrictions should not be too stringent, let alone suppressing them wilfully.

CSO: 4020/52

DOMESTIC TRADE

MEASURES TO STABILIZE PRICES PUBLISHED

Guangzhou GUANGZHOU RIBAO in Chinese 18 Nov 82 p 1

[Article: "Strengthen Price Management and Stabilize Market Prices"]

[Text] The municipal people's government recently dispatched a "Notice on further strengthening price management and stabilizing market prices" and drew up a plan for the present task on prices.

The notice pointed out that, in accordance with the spirit of the instruction of the State Council and provincial people's government on resolutely stabilizing market prices, our municipality has adopted a series of measures to preliminarily control the trend of the rise of market prices. However, at present, the market prices still embody the potential for inflation. Thus, it is necessary to regard the maintenance of the basic stability of the market prices as an important task at present.

In order to maintain the basic stability of the market prices, the municipal people's government has decided to adopt the following five measures:

(1) Resolutely maintain the stability of the prices of non-staple foods. The retail prices fixed by the state will continue to maintain their stability. Important commodities that will incur loss politically, such as pigs, eggs, fish and vegetables will continue to receive financial subsidy. The large-scale non-staple foods will generally not raise their prices. Enterprises that handle commodities with negotiated prices must correctly establish their management policies, actively organize the sources of goods, increase commodity supply and supplement the inadequacy of commodities with fixed prices. They must also strive to improve management, reduce the management links and strive to lower the negotiated prices. They should adhere to the principle of "management with liveliness and yet without chaos," appropriately improve the management over prices of commodities with negotiated prices and strictly prohibit selling at negotiated prices the commodities with fixed prices. Strengthen the management of the agricultural trade market and make great effort to keep down the prices.

(2) Appropriately arrange the prices for industrial products. Do not raise the prices of the relatively more important industrial products among the

first, second and third categories. As for the prices for small commodities among the third category of industrial products, we should, under the guidance of the state policies, gradually lift the restriction over them, carry out market regularization and fixing of prices by the enterprises. We should allow the industrial and commercial enterprises to raise and lower the prices according to the policy on prices as well as according to the changes in cost and demand and supply, grasp the task flexibly, and make readjustments at the right moment. Toward some daily consumer goods that are presently unmarketable and overstocked, we must make rational adjustments to the product's composition, increase design, color and variety, raise quality and actively find a good market for them. For those goods which really have unreasonable prices, we must carry out readjustment in a planned manner under the unified arrangement of the state, and must not reduce the prices according to our own discretion and try to sell our products competitively at low prices.

(3) Conscientiously rectify all kinds of fees. We should strive to stabilize all kinds of service charges. Without the approval of the local government or the price management department, no department and enterprise can increase the items of charges or raise the criteria of charges at its own discretion. All the management charges and fines should be carried out according to the regulation set by the state. Linking up charges and fines with the rewards of the charges and fines units is not permitted. From November on to the end of this year, we must conduct a thorough clean up and rectification of all the charges and fines, and resolutely overcome the phenomenon of collecting more than required and in an indiscreet manner.

(4) Launch a large-scale inspection of the market prices. In November, organize an all-round large-scale inspection of prices in the municipality, putting emphasis on inspecting how the various management departments implement the policy on stabilizing prices. Combine professional inspection with masses' supervision and consolidate and develop a mass network in supervising the inspection of prices.

(5) Strengthen management of prices and perfect the organs in handling prices. Conscientiously implement the "provisional regulations on price management" of the State Council and the province. We should commend and award those units and personnel who are models in implementing the general and specific policies on prices and abiding by the price discipline, and must seriously handle those that violated the price discipline according to the "regulations."

: 4006/163

DOMESTIC TRADE

'JINGJI GUANLI' ON AGRICULTURAL CIRCULATION

HK161413 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 82 pp 66-68

[Article by Prolitical Research Office of Hunan Provincial CPC Committee:
"Activate the Circulation of Agricultural and Sideline Products by Practicing
Joint Agricultural-Commercial Operation"]

[Text] In the first half of this year, we visited your county, Shaodong County and other localities to investigate the problem of the circulation of agricultural and sideline products. We felt that currently we should pay attention to the solution of the following problems:

I. Circulation Work of Agricultural and Sideline Products Should Be Seen as Important

In the course of the investigation, we found that difficulties in the buying and selling of agricultural and sideline products in the countryside were rather prevalent. For example, last year the Huang Tuling People's Commune had difficulty in disposing of some 3,000 dan of ginger and, as a result, the peasants suffered heavily. However, at present, ginger is short in supply in many of the localities. Similarly, some of the localities have been unable to sell their sweet potato starch, whereas some localities had to buy this commodity from other provinces. Naturally, people in the urban and rural areas all feel concerned about this situation. Hence, we deeply feel that it is very important to do a good job of the circulation work of agricultural and sideline products in the countryside. The reasons are: (1) Since agricultural and sideline products constitute important objects of consumption for people in the cities and countryside, poor work done in this connection will adversely affect thousands of families. At one time, meat was not available in certain localities while vegetables were also scarce or rather expensive. People were greatly dissatisfied. It must be remembered that the populace have varying needs. They feel the great inconvenience of not being able to procure even the least important article such as a small bucket from the market. (2) Many agricultural and sideline products are important raw materials for industry, particularly light industry. If agriculture cannot supply industry with many and good agricultural and sideline products, the development of industrial production will be affected and the demand of the populace for certain of the industrial products will also be affected.

(3) The purchase prices of agricultural and sideline products form the foundation of prices of the entire market. If the prices of agricultural and sideline products are not stable, then prices in the entire market can hardly be stable. Hence, leadership cadres at various levels must pay great attention to work in the circulation sector and must overcome the thought of stressing production and neglecting circulation. Commercial work constitutes an important phase of the whole of economic work. Prolonged neglect of this work or failure to study it will render it impossible to do a good job of guiding economic work. The various economic departments must overcome the erroneous tendency of only stressing the handling of industrial products but slighting the handling of agricultural products. They should truly foster the three great viewpoints, strengthen the organization and guidance of the circulation of agricultural and sideline products, earnestly put rural commercial work in good running order so as to fit in with the fine situation seen in the rapid development of diversified operations in the countryside since the 3d plenary session of the 11th CPC Central Committee.

II. The Current Problem in Circulation Is the Existence of a Certain Confusion in its Activation.

First of all, activation has indeed taken place. Following the opening up of the various channels of circulation, economy in the country side has been greatly activated and has prospered considerably. Last year in Shadong County the gross volume of business done by its 212 units of collective commerce and some 3,060 individual business units amounted to over 8 million yuan. Country fair trade has also steadily and increasingly prospered and the business volume done from January to April 1982 amounted to 5.24 million yuan, an increase of 54.6 percent over the corresponding period of the preceding year. The people have felt the convenience of being able to buy from nearby places goods which they need. In some of the markets certain traditional articles which disappeared from the market for sometime are now again procurable. The development of commerce has not only promoted agricultural development but has also activated enterprises run by communes and production brigades. In this county, in 1981 the gross income of the enterprises run by the communes and the production brigades amounted to nearly 130 million yuan. Of this amount, over 43.4 million yuan was income derived from the production of certain traditional small wares such as the "3 knives" (scissors, kitchen knives and razors) and the "3 nails" (horseshoes, ordinary nails and nails used in shipbuilding). The markets for these small articles were mostly introduced or fostered by the collective and individual commercial enterprises.

However, there is a certain disarray in the activation process. An outstanding example is that certain collective and individual enterprises units have confined their operations to "two extremes," that is to say, in purchasing agricultural and sideline products they concentrated, at one end, on the "hot" or highly marketable products and at the other end showed lukewarm interest in, or neglected altogether, the handling of ordinary products and the "three categories" of products. Enterprises in the general merchandise trade usually preferred to handle those highly marketable or high-grade products and were unwilling to handle the "lower bracket" of general merchandise

which are generally needed by the people at large. The retail sales departments of enterprises run by the Liuze People's Commune of Shadong Country handled very little local products but concentrated on purchases of products from other localities. Since last year up to now, they have purchased from the outside, for resale purposes, 1,300 sets of cotton wadding (for quilts) 19 tons of cotton yarn and over 100 cubic meters of timber. In addition, they sold to Guangdong Province at a high price 1,900 dan of bamboo which the department of foreign trade had meant to "purchase by levy" from the county. Moreover, the retail sales departments of enterprises run by the Da Wotang People's Commune of the same county not only handled the resale of 504 dan of tea-seed oil but also took part in handling 100 smuggled wristwatches. Some collective commercial units even engaged in the resale of motor vehicles, while in the cities and towns certain business units in the service trades actually put aside their own trade and turned to handling in the countryside commodities such as day lily, dried pepper and soybean or to the resale of bicycles, sewing machines and so forth. Facing such conditions, some state-run commercial units adopted the same tactics and offered stiff competition for the higher-grade and more marketable products. There was thus much confusion in the handling of products. The general tendency was to concentrate on the high-grade products, neglect the minor products, and, as a result, nobody cared to handle some of the three categories of agricultural and sideline products, while small wares generally needed by the populace such as shoelaces, glass buttons and so forth, were nowhere procurable.

Due to everybody striving to handle those agricultural and sideline products in high demand, the demand for these categories of products became increasingly acute and their market prices continued to climb. At the same time, some production teams and commune members failed to pay any regard to the state plan and sold their products to the highest bidder or to other localities offering the best prices. This literally put the market out of control. For example, in Shadong County in 1980, due to the offer of high prices from various localities for its day lily, the average negotiated price of this product amounted to 240 yuan per dan. This was 115 yuan above the list price.

This confusion and disarray in the scope of operations and in pricing made it difficult to carry out the state plan and market control. As a result, in the past 2 years, certain localities have failed to fulfill satisfactorily the compulsory purchase quota of day lily from Shadong Country was 34,100 dan but only 15,100 dan were delivered. At present, some communes and production brigades are unwilling to accept delivery quotas on important products such as fish, fresh egg oranges and so forth. In particular, there has been a steep downward trend in the purchases of the three categories of agricultural and sideline products. Thus, in 1980, in You County, the amount of state purchases was 4.48 million yuan, but in 1981, the amount dropped by 19.7 percent while for the period from January to April 1982 the drop increased by 46.7 percent. Of the 29 items of commodities handled by the supply and marketing system, 24 items suffered a decrease in sales. Some collective commercial units would vie with each other for the handling of the more profitable commodities but would shun those products which offered less or no profits. Some peasants would choose to sell their products themselves when they found that they could fetch better prices in the market but when prices

were on a low ebb they would turn over their products to the supply and marketing cooperatives. This virtually put the commercial departments in a passive state of operation and rendered it difficult to effect market control.

III. We Must Find a Way out in "Activation"

This confusion in the circulation of agricultural and sideline products is viewed by people in various ways, as follows. Some people believe that the activation has passed the limit and should no longer be continued. Other comrades are of the opinion that the activation has not been sufficient enough, that the base amount for state purchases has been fixed too high, that the list prices for state purchases have been too rigid, and that therefore the autonomous rights of the peasants have been impaired. It should rather be said: The present degree of activation is not yet over this limit; it is below the limit and is actually poor in performance. However, generally speaking, this sort of confusion or disarray met with in the course of the circulation of goods is unavoidable during reform. We should not look at activation as confusion. In the event of meeting with problems, we should not retrace our steps and go backward. To return to the status quo ante simply will not help. Nor should we take confusion the same as activation and make no attempt to solve the problems. Hence, the starting point in handling the current confusion is to seek life or animation and not to court death. We should in real earnest sum up our experiences and past lessons and cultivate or activate a way out.

Concerning the circulation of agricultural and sideline products, it may be found that on the one hand, the "commodity rate," that is, the proportion that can be rated as commodities for handling in the market, of these products is not high, while the state's requirements for these products are rather high. On the other hand, the peasants all expect to derive more gains from the prices but the state, at the present moment, is unable to raise the prices to any great extent. Under such conditions, how should we correctly handle the interests of both the state and the peasants and activate the economy in the countryside? The answer is that we must insist on taking the state plan as the logical premise and thereby seek a road to activation. If the supply of important agricultural products is short of demand and if the state does not have in its hand a definite quantity of these resources, then not only will activation be denied to the whole structure but also confusion will reign among the component parts. Nevertheless, under the current conditions, if the state exerts too tight a control, the peasants may hesitate in selling their products or may even do their production work halfheartedly. In the end, activation will be denied to all. How then is it possible to achieve activation under the guidance of the plan? In a discussion meeting of comrades from various localities, the consensus opinion was that we should take the following principles into consideration: (1) Under the logical premise of ensuring the fulfillment of the state's compulsory purchases and ordinary purchases of the agricultural and sideline products, we should ease up a little bit in the handling of the remaining portion of the products in order that the peasants may derive some gains from the activation. Naturally, concerning this "activated" portion of the products, we must carefully control the quantity available for purchases at negotiated prices. What is important

here is that there must be a rational fixing of the base quantity for such purchases and that if it is too small, appropriate adjustments should be made or the purchases may be arranged on a pro rata basis. (2) We must, under the premise of ensuring a smooth passage through the main circulation channel, actively promote and develop the supplementary role of other circulation channels. Activation of the rural economy depends on development of collective commerce and also on an appropriate development of individual commerce. The governing principle is: Develop as far as required. The supply and marketing cooperatives must not be afraid of competition but must insist on strengthening their leadership work. They must exert their role in accordance with the scope of the policy fixed by the state and accomplish the objective that with state operation playing the main role, division of work and coordination are ensured, and each party gets what it wants. (3) Under the premise of ensuring stable prices for the portion of products subject to planned purchasing and marketing, permission should be granted to the markets to exercise a certain degree of flexibility in the adjustment of prices of products. However market prices must be kept under strict control. In fixing the prices of products of collective commerce, we should take note of the difference between the purchasing and marketing prices of the same category of products currently handled by the departments in charge. There is no need for exact similarity, but there should be a little flexibility tending to the higher side. As for fixing the prices of products handled in country markets, the condition of market supply and demand must be taken into account, maximum prices must be fixed and periodical adjustments in accordance with changes in condition of supply and demand should be permitted.

IV. Joint Agricultural-Commercial Operation Is One Method of Activating the Economy.

Below we cite a number of instances and experiences of activation being effected under guidance of the state plan. They are well worth being summed up and promoted. In this investigation, we studied the working of the single type of joint operation practiced in Shadong County and the comprehensive type of joint operation practiced in the Huang Tuling People's Commune of You County. Although both plans may not be entirely perfect and by and large still have a number of questionable points, yet they still confirm the feeling that joint agricultural-commercial operation represents a good form of bringing rural collective production and individual production onto a planned track by means of the circulation links.

The plan followed by the Huang Tuling People's Commune depends on the grass-roots supply and marketing cooperatives to do the main work and, within the confines of the entire commune, actuates joint cooperation between the supply and marketing cooperatives and production teams (or production sites) in the purchasing, processing and marketing of agricultural products. Its joint-operation management department has a retail sales section. Its operations include the handling of the three categories of agricultural and sideline products subject to purchases and sales at negotiated prices, handling of the two categories of agricultural and sidelines products after fulfillment of the levee purchases and general purchases made by the state, handling on agency basis the purchasing and marketing of relevant products entrusted by

higher-level commercial departments, and marketing of those agricultural and sideline products not purchased by the state. The joint operation agreements are signed by the grassroots supply and marketing cooperatives and the production teams (or production plants). After purchases and sales have been made at the listed prices of the state, 58 percent of the profits are distributed among the production units according to the shares of their contribution.

The plan adopted at Shaodong Country is as follows: The grassroots supply and marketing cooperatives serve as the basic units. Joint operation is carried out by the basic-level cooperatives and their county head office and the production teams (or workshops). The area of operation covers the entire county. The basic-level cooperatives and the production teams (or workshops) jointly sign contracts on production and purchases, determine the quantity of production and the quality of the output, and fix the amounts available for "levy purchases" by the state and purchases at negotiated prices. Levy purchases are to be made at listed prices, while negotiated purchases are made at top limited prices. After the country head office has organized the sale of the products, 90 percent of the profits are returned to the peasants.

The results of a year's actual practice show that both the peasants and the commercial units have benefited, and thriving business has been done in both purchasing and marketing. Take for example the case of the day lily of Shaodong County: In 1980, over 10 provinces and municipalities in the country took part in the purchase of this commodity. Various localities in the province also offered high prices for it, while peddlers, acting as go-between or middlemen, likewise seized the opportunity to make some purchases. As a result, in this year, of the 52,000 dan of day lily produced in the county, state purchases amounted to 34,100 dan whereas of the 23,200 dan of "levy purchases" originally fixed by the state, only 15,100 dan were delivered. However, in 1981, following the joint-operation measure going into effect, the country produced in all some 68,500 dan of day lily of which nearly 67,000 dan were handled by the supply and marketing cooperatives, an increase of 97 percent over 1980. Levy purchases by the state amounted to 33,000 dan, an increase of 120 percent over the preceding year. After providing for local needs, sales at negotiated prices were made to the department of foreign trade amounting to 11,000 dan, sales to various localities in the province were nearly 11,300 dan and sales to over 20 provinces and municipalities in the country, including Beijing, Tianjin and Guangdong, some 7,925 dan. Following the sales at negotiated prices, the profits allocated to the county head office were 166,000 yuan and to the peasants, 1,658,000 yuan. This aroused the enthusiasm of both the peasants and the supply and marketing cooperatives. As a matter of fact, the peasants had done their farming work in a most meticulous manner. They did their best to achieve increased production and as a result the crop of day lily reaped last year was the biggest ever in history and the best in quality. On their part, the supply and marketing cooperatives showed a deep concern with the production work and actively did their best to help it along. They allocated a sum of money to help the peasants to open up a new plantation area of some 4,500 mu. In the Huang Tuling People's Commune, after joint operation had gone into effect, the supply and marketing cooperatives succeeded in increasing their purchases by 18 percent. Their profits were increased by over 10,000 yuan, while the peasants also received profits of 22,500 yuan.

Generally speaking, joint agricultural-commercial operation has the following advantages: First, the state can secure hold of the material resources, commerce can reap increased profits, and the peasants benefit. It is a good measure of correctly handling the interests of the state and of the peasants under the guidance of the state plan. Second, it offers aid to market control and helps in stabilizing commodity prices. Especially under current conditions it is a good measure for effecting market control and price stabilization. Third, it build closer relations between agriculture and commerce and promotes the development of "commodity production." The consensus of opinion is: This measure intensified the commercial departments' regard for production and and also deepens the production control departments' regard for market conditions as well as strengthening the peasants' concept of the importance of the state plan. Fourth, this measure is workable not only before the system of supply and market cooperatives has been reformed but also, even after such reform, its mode of operation can still be of good use. At the present moment, the peasants can make use of the premises, tools and funds of supply and marketing cooperatives for the development of collective commerce. Even after the supply and marketing cooperatives have resumed their nature and status as commercial cooperatives, the measure will be beneficial to the smooth transference to cooperative commerce. Hence, it is our belief that at present for those important products in the markets the supply of which generally lags far behind demand, adoption of the unitary type of joint-operation has its good points while in localities where diversified opeations have prospered and the "commodity rate" is high, that is, where the number and kind of commodities to deal in are plentiful, the comprehensive type of joint operation is workable.

CSO: 4006/267

DOMESTIC TRADE

TIANJIN TRANSFORMS MARKETING CO-OPS

HK090215 Beijing CHINA DAILY in English 9 Feb 83 p 2

[Article by staff reporter Zhu Ling]

[Text] As Tianjin transforms the structure of its supply and marketing co-operatives for the exchange of goods between the city and rural areas, CHINA DAILY interviewed Wang Zhelin, director of the executive office of the Tianjin Supply and Marketing Department.

CD: How is the transformation in the rural areas being carried out?

Wang: We started late last year to revive the role supply and marketing co-ops had in the 1950's, but allowing them to develop more fully this time.

By April, almost all the peasants of Tianjin's seven suburbs and five outlying counties will have become shareholders of their local supply and marketing co-operatives, the basic commercial agencies in China's rural areas. Then the co-operatives will no longer be run by the state but by the collectives.

Each peasant can buy one or more shares making him a member of the co-op. Each share costs two to four yuan, depending on where the co-op is located. The shareholders will choose representatives to form a council, which will elect the manager of the co-op, the board and a supervising committee from among the co-op members.

By the end of every year, each co-op will distribute dividends to its members. The more shares one buys, the more dividends he will receive if the year is good.

CD: Why is this transformation taking place?

Wang: After the 1960's, the bureaucratic way of running business became prevalent, affecting local supply and marketing co-operatives. They gradually distanced themselves from the peasants, and they did not know what the peasants wanted, nor did the peasants know what to produce for them.

After the transformation is completed, the shareholders will be part of the co-ops. They and the co-ops will each be concerned about the other for their mutual benefit.

The co-operatives will not only purchase agricultural products for the state but will become service centres for storage, processing of raw materials, supplying peasants' needs and, most of all, transport of commodities.

CD: What if some peasants do not want to buy shares?

Wang: It is entirely voluntary. If one does not buy a share, he is not eligible for dividends or the privileges the co-op provides. Shareholders, for instance, will be able to buy goods at a discount at holiday times. I predict most peasants will buy shares.

CD: How are the integrated corporations established in rural areas?

Wang: This is a new undertaking for us at a time when the division of labour in rural areas is increasing and there is more specialization. This demands more co-operation and support by society.

So far, the city's supply and marketing co-operatives in the countryside have signed 244 contracts with 237 households in seven communes for joint co-operation.

CD: Would you give some examples to show how an integrated corporation works?

Wang: Take the supply and marketing co-op in Baodi County to the northwest of Tianjin. It has just signed a joint venture contract with 10 households that specialize in raising chickens. The co-op invested 5,500 yuan to build chicken co-ops and to purchase equipment. It will also provide baby chickens and teach techniques. It purchases fresh eggs from them and helps them sell hens that are too old to produce eggs.

Six households in Tianjin's Jixian County also wanted to raise chickens and they turned to the nearby co-op and their production brigade for help. Thus an integrated corporation was born. The brigade provided land, the six households supplied labour and the co-op offered money and disease-control techniques.

At the end of each year, dividends will be distributed with the six households receiving 60 percent, the brigade 20 percent and the co-op 20 percent.

CD: What are other forms of integrated corporations?

Wang: The local co-ops establish processing factories with communes and peasants. The Xiaying supply and marketing co-op has reached an agreement with a commune and many peasants in Jixian County jointly to establish a powdered milk factory.

Co-ops also jointly undertake farming operations with the commune's brigades. The Youguzhuang supply and marketing co-op has helped with the planting of 50,000 haw trees together with five brigades. The co-op has provided seedlings, fertilizer and pesticide and will purchase and sell the fruit.

CD: Is there any other channel by which agricultural products can go into the city?

Wang: Our suburbs and set up retail shops in the city and the city's commercial departments will help them find locations. They can also make contacts with urban retail shops, which can directly purchase rural commodities for resale, thus eliminating much of past red tape.

CD: What is being planned to further stimulate circulation of commodities in the countryside?

Wang: We intend to hold sales exhibitions regularly in different areas to display both rural and industrial products. Local co-ops will be the sponsors.

Now more than 20 special markets for spring festival have been opened, compared with only 10 in 1982.

On March 1, the Tianjin economic commission will sponsor a sales exhibition at which more than 100,000 agricultural and industrial products will be shown.

CSO: 4020/51

DOMESTIC TRADE

NINGXIA HOLDS REGIONAL PRICE CONFERENCE

HK030747 Yinchuan NINGXIA RIBAO in Chinese 18 Jan 83 p 1

[Report by Ma Zhengya [7456 2974 0068]: "Ningxia Holds a Regional Price Conference To Implement the 'Circular' of the CPC Central Committee and the State Council"]

[Text] (Abstract) Li Yunhe speaks at the conference and Xia Shiping relays circular of the CPC Central Committee and the State Council. (End of abstract)

The autonomous regional people's government held a regional price conference from 14 to 15 January. Comrade Xia Shiping [1115 0138 5493] relayed the circular of the CPC Central Committee and the State Council on "cutting the prices of synthetic fibre textiles and raising the prices of cotton goods." A leading cadre of the regional committee of commodity prices made a report on prices adjustment. All participants to the conference expressed their resolve to implement the important measures adopted by the CPC Central Committee and the State Council and fulfill the specific plan worked out by the region, do a good job in propaganda among the masses and ensure a smooth realization of price adjustment.

Comrade Li Yunhe [2621 1926 0735] spoke at the closing of the conference. He pointed out that the decision on cutting the prices of synthetic fibre textile and raising the prices of cotton goods is a most important policy relating to price reforms adopted by the CPC Central Committee and the State Council under the prerequisite of the excellent situation in our national economy. It is also a correct measure which serves the national interests. We should do a good job in this respect. He put forward the following proposals:

1. We should effectively strengthen leadership. The state has made an adjustment by cutting or raising the prices for textile goods. This involves a vast range of varieties, specifications and work. It is directly related to the interests of the customers, to textile production and circulation. Therefore, this is not only a job for price control departments but also an important task for the party committees and government at all levels. We should strengthen the leadership and do a good job in this aspect.

2. We should strictly control the prices of other commodities which have been raised indiscriminately. While readjusting the prices for textile goods, the state has also decided to lower the retail prices of watches, alarm clocks, color television sets, rubber and cloth shoes, rolls of film and electric fans. Making the calculation on a country and regional base, the price cuts outweigh the rises. To ensure price stability, apart from the cotton goods prices which are to be raised to a certain extent, it will not be permitted to raise retail prices of various industrial and agricultural products or raise them in a disguised form. Whoever violates the regulations by raising the prices will be investigated and strictly dealt with.

3. We should take care of and properly use the subsidies allocated to our region by the state for peasants in poor mountain areas for the rise in cotton goods prices. The financial bureau and the departments concerned should adopt measures as soon as possible to take care of the subsidies, which are not to be diverted to any other purpose. At the same time, we should educate the rural households to be free from the dependent mentality, to work with a will to get rich in a short time and not to take such subsidies again.

4. We should do painstaking ideological work among the masses. Generally speaking, staff and workers and residents in urban areas and the peasants, including the subsidized peasants in mountainous areas will benefit. The adjustment of lowering the prices of synthetic fibre textiles to a great extent and reasonably lowering the prices of cotton goods will help to promote the sale and production of synthetic fibre textiles, to plan cotton cloth production and to ensure a stable supply of varieties well received by the customers and to increase state revenue as well as to reduce the subsidies for raising the purchasing price of raw cotton. The price adjustment will be supported and lauded by the people whenever we can do a good job in propaganda among them. Should a rumor be spread, it will find less and less support among the people. At the same time, we should heighten our vigilance and expose, correct and handle in good time all cases of rumor, sabotage and resistance in order to ensure smooth progress of price adjustment. We must resolutely crack down on criminals involved in serious cases.

CSO: 4020/51

FOREIGN TRADE

POLICY OF OPENING TO OUTSIDE WORLD BRINGS PROSPERITY

Guangzhou NANFANG RIBAO in Chinese 27 Dec 82 p 2

[Article by Huang Jingtang [7806 6975 2768], our correspondent: "The Policy of Opening to the Outside World Has Brought Prosperity to our Province--A Sidelight on the Fifth Session of the Fifth Provincial People's Congress"]

[Text] The launching of foreign economic and technological exchange and experimental running of special economic zones are brand-new undertakings. In the initiation of this cause, our province is marching at the head of the nation. As of now a breakthrough has been made and the developing phase is soon to start. At the 5th session of the 5th Provincial People's Congress, several congress representatives who are in charge of foreign economic exchange activity and building up of special economic zones all talked excitedly about the most recent situation regarding this undertaking in the past 3 years, especially this year.

--A New Prospect Opened up in Foreign Economic Exchange Activity:

"The international market this year is in recession, commodity prices are falling. In addition, the position of Hong Kong is uncertain; the public feeling is restless. Early this year some people were worried that investments of and trade negotiations with businessmen from foreign countries, Hong Kong and Macao would decrease this year. But it was not so in fact," began Wei Nanjin [7614 0589 6855], chairman of the provincial Commission of Economic Relations with Foreign Countries. Continuing this introduction, he said that this year, despite the depressed international market, on the basis of the past 3 years' continuous growth, it has been estimated that the yearly plan for purchase of goods for export will be fulfilled, and the export remittance will be nearing completion of the adjusted plan. In the Foshan area where the commodity economy is developed, the purchase of goods for export in these years was 17.1 percent in value of the total industrial and agricultural output of the entire area. Foreign economic exchange in the province has been especially active. The whole province (excluding the special economic zones) has signed this year an estimated total of 7,200 contracts for projects using foreign investments and "three incomings and one make-up", etc., with an additional 100 million dollars worth of investments. Among the introduced projects many are to transform the existing enterprises by importing advanced technology and scientific managing methods. Some projects are to improve weak links in

our energy and transportation chains. According to the statistics, the local foreign exchange used on technological improvement in the enterprises has been increased, during the first half of this current year, by more than 100 percent, as opposed to that of that year. For more than 3 years, our province has imported more than 100,000 pieces (sets) of equipment. Some of these are considerably advanced, such as West Germany's 1980's level high-speed polyester fibre spinning machine which can spin 3,500-4,500 meters per minute; West Germany's seven-color printing equipment; Japan's photomechanical processing technique; U.S. microwave communication equipment, etc. By importing these kinds of equipment, whole industries such as clothes processing, knitting and electronics, etc. in our province have achieved technical transformation. Before 1978 we did not export woolen sweaters. Exported self-made acrylic sweaters brought in only 1.5 million dollars in foreign exchange a year. The whole country exported only several million dollars worth of sweaters. However, this year just the work pay income for sweater-processing for foreign businessmen has exceeded 40 million dollars. And, in addition, if we take into consideration how much labor force we have been able to put to work, then the gain has been even more. Furthermore, some equipment has been given to us for which we did not pay a penny: the whole province has been given 170 million dollar worth of equipment in this way.

All this indicates that we have made a breakthrough in utilizing foreign investments and in launching foreign technology exchange, which have also contributed to strengthening of our ability for self-reliance and brought forth prosperity and progress.

--Struggle in the Torrent of Pioneering Work:

Some data show that there are 50 or so export goods processing areas in the world, similar to the Shenzhen Special Economic Zone. For some, their foreign investments, after 10-20 years' management, have not yet reached 200 million dollars. However, the Shenzhen Special Economic Zone has brought in, in 3 years, 1,476 foreign investments agreements; more than 240 million dollars worth of foreign investments have already been put to use. In addition to the agreed investments, this year from January to October investments of foreign businessmen have been increased by 1.6 billion Hong Kong dollars. With this achievement, Zhou Qiwu [0719 3305 5294] deputy mayor of Shenzhen said excitedly, and because the resources in land and manpower in Shenzhen are rich and costs are much lower than in Hong Kong, it is very attractive to businessmen from Hong Kong and Macao, who are in a very difficult position due to high land prices and high wages. Shenzhen has changed from a desolate and out-of-the-way border town into a new developing city that is beginning to take shape. Especially the Shekou industrial area has been built up rapidly and has received high praise both at home and abroad, because it has adhered firmly to the separation of politics from enterprising and to expanding enterprises' autonomy, used economic measures in project contracts, reduced organizations and strove for efficiency. All these achievements were made step by step in the struggle after overcoming many difficulties and obstacles, including ideological "leftist" errors, drawbacks in the existing economic management system, etc. Naturally, in overcoming the difficulties, the largest question is how we can formulate a new outlook and bring up a new generation to build up a spiritual civilization while building a high material civilization. In these past years we have laid down "Rules for cadres of special

zones," "Civilization pledge for special zone residents". We have carried on extensively the education of "five stresses and four points of beauty" in the special zones. This year we cracked down relentlessly on economic criminal activities, such as corruption, acceptance of bribes, smuggling, and illegal peddling, etc. The people's spirits and outlook have been boosted.

--Expand Exchange, Push on in Victory:

As launching of foreign economic and technological exchange and experimental running of special economic zones are brand-new undertakings, there are obviously difficulties. Also, it is hard to avoid certain mistakes. What is important is that a breakthrough was made; from now on we shall enter a developing stage. Some representatives of the People's Congress who are responsible for economic exchange and running special economic zones talked with redoubled confidence about next year's development. Fan Zhigang [2868 1807 0474], chairman of Guangzhou City Commission of Economic Relations with Foreign Countries, indicated that the international market is in slump as of now; there is a surplus of funds and a surplus of technology. All the developed countries of the world are trying to find outside locations for investments. This is an excellent opportunity for us to use foreign investments and speed up importing [of technology and equipment]. We must seize the useful opportunity to actively use foreign capital to transform the technology in some of the enterprises in Guangzhou. From January to November this year, the Guangzhou area signed 2,500 or so contracts with foreign businessmen in the amount of 200 million dollars, an annual increase respectively of 26 percent and 33 percent compared to last year. The city is planning to negotiate with foreign businessmen on 50-60 projects for next year. The emphasis is placed on the use of foreign investments for developing energy, transportation and industrial production. We must especially import high technology which is useful to technical transformation in the enterprises. At the same time, we must also develop agriculture, forestry, animal husbandry, as well as living and cultural facilities, and municipal building construction, etc. Fan Zhigang said, looking forward to next year, the prospect is good, and we have confidence that through diligent work, we will open up a new prospect for our province in its opening to foreign countries.

12200

CSO: 4006/209

FOREIGN TRADE

CITIC SIGNS COOPERATION AGREEMENT WITH FUJIAN

OW051312 Beijing XINHUA in English 1241 GMT 5 Feb 83

[Text] Beijing, February 5 (XINHUA)--The China International Trust and Investment Corporation (CITIC) signed an economic cooperation agreement with the Fujian provincial government here today.

The agreement was signed by Rong Yiren, chairman of the board of directors and president of CITIC, and Hu Ping, acting governor of Fujian Province.

State councillor Gu Mu attended the signing ceremony in the Great Hall of the People. Present also were leading members of foreign economic and trade departments and directors of the CITIC now in Beijing.

Coastal Fujian Province, which is near Hong Kong and Macao and the homeland of many overseas Chinese, is rich in natural resources. With the approval of the State Council, the province adopts special policies and flexible measures in its external economic activities and has established a special economic zone in Xiamen City.

CITIC President Rong Yiren paid a 10-day visit to Fujian in late December 1982.

Both CITIC and the Fujian provincial government consider it appropriate to make the province and the Xiamen special economic zone CITIC's priority areas for using foreign funds and investment. The Fujian provincial government will provide facilities for the investment.

Under the agreement, investment will center on importing advanced technology and key equipment for upgrading existing enterprises, attracting funds to develop Fujian's natural resources and building large and medium-sized projects. Investment will also be made in the Xiamen special economic zone and enterprises there.

CSO: 4020/52

FOREIGN TRADE

FUJIAN EXCEEDS LIGHT INDUSTRY EXPORT QUOTAS

Fuzhou FUJIAN RIBAO in Chinese 2 Jan 83 p 1

[Article by Reporter: "Fujian Exceeds Export Quota for Light Industrial and Textile Products in 1982"]

[Text] While the international market was in the throes of a recession, the Fujian Light Industrial Products Import and Export Company was able to exceed by the end of last November the export quota set for 1982 by 4.7 percent which represents a 3.36 percent increase over the figure for the same period in 1981.

The most notable features characterizing the export of light industrial products last year were the accurate forecast of the sale of the key product of plastic slippers in the international market, the improvement in the quality and increase in the styles and varieties of the products and the delivery of the orders on time. All these served to strengthen the confidence of our long-time clients, especially that of our agents dealing in the sale of our plastic slippers, and to consolidate and further develop the market which we have already established. Up to the end of last November, the export volume of plastic slippers registered an increase of 26 percent over the figure for the same period in 1981. Other special features in our export trade were the tailoring of our light industrial products to meet current styles popular in the international market and the production of articles according to the sample patterns submitted to us by our clients the better to meet the demands of the international market. Taking the No 7 canvas bags as an example, we first produced samples according to the pattern submitted to us by our American clients and then proceeded to engage in production after they had given it their approval. Last year, the export of 800,000 bags brought in over U.S. \$1 million. Other products, such as synthetic leather and work gloves, were also produced according to patterns submitted by clients. New varieties were also introduced from time to time, much to the satisfaction of our customers.

Another feature in the export of our light industrial products was the coordination achieved between the industrial and trade departments. This coordination has served not only to reduce the cost of certain foreign exchange earning commercial products and to boost the volume of exports, but also to protect certain money-losing products slated for discontinuation and to keep the concerned factories in operation. The Fujian Light Industrial Products Import and Export Company has also increased the volume of exports and the foreign exchange earnings of a number of small industrial products such as book-binding machines, staples, ping pong paddles and ping pong tables, camera accessories, cloth and rubber shoes, bath soaps, alarm clocks and toys.

While the international market was in the grip of a recession last year, notable gains were made in the export of our textile products. By the end of November, the volume of exports had exceeded the quota for the entire year by 14 percent, showing an increase of 65.42 percent over the figure for the same period in 1981.

By putting emphasis on speed and the completion of its tasks ahead of time, the Fujian Textiles Import and Export Company was able to fulfill contract terms according to schedule. With the support of the concerned leadership departments at various levels and the coordination of the concerned units, the company was able, once the contracts were signed, to proceed promptly with production, to have the goods ready for delivery, to obtain the necessary export permits, to clear customs and to arrange for shipment. At one time, when it appeared that the shipment of a consignment of dresses would arrive after the expiration of the letter of credit, arrangement was made to have it shipped by land instead. As many as 14 large trucks were used in a single day to rush the merchandise to Shenzhen and delivery was made according to schedule.

Since our province has a weak foundation in the textile industry and the quality of our products is inferior to that of the advanced provinces, the Fujian Textiles Import and Export Company is particularly stringent in the complete fulfillment of contract terms insofar as the quality and specifications of its export products are concerned. For instance, the company held three meetings of all the concerned factories to make a comparative study of the quality of export fannel gloves. After a study had been made, the factory best qualified to meet quality standards was selected to produce the export commodity.

Another important factor accounting for the considerable increase in the export of textile products last year was the readiness to break new grounds. In the past, the export volume of dresses was limited by the shortage of the necessary materials and accessories. Last year, the company, by adopting the practice of processing imported materials and materials supplied by its clients, was able to break new grounds in expanding the export volume of dresses for four times that for the same period in 1981.

9621

CSO: 4006/211

FOREIGN TRADE

GUANGDONG OFFICIAL COMMENTS ON FOREIGN TRADE

Guangzhou YANGCHENG WANBAO (Overseas Edition) in Chinese 9 Jan 83 p 1

[Article by Qu Qicheng [0575 0796 7488]: "Guangdong Province Opens New Markets and Makes New Breakthroughs in Foreign Trade"]

[Text] At the advent of the new year, this reporter called on Wei Nanjin [7614 0589 6855], Chief of the External Economics Commission of Guangdong Province, and asked for his views on what measures should be taken by our province to break new ground in our external economic operations during the coming year.

After stressing the correctness of the special open door policy and the flexible measures adopted by the province in line with the stand repeatedly stated by the Central Government, Wei Nanjin reaffirmed the gains which had been made by our province since the implementation of the open door policy. He disclosed that our province had at different times concluded some 600 agreements with foreign businesses for joint-investment and joint-operation projects, that foreign businesses had made investments totaling U.S. \$2.14 billion, that compensatory trade and processing and assembling operations of imported materials were being developed at a rapid pace, and that a considerable body of advanced technology had been brought in. This has had a salutary effect in promoting the industrial and agricultural development of the province, in providing employment to workers and in the betterment of the livelihood of the people. Particularly worthy of note is the fact that a breakthrough had been made in the establishment on a trial basis of the special economic zone and that the use of foreign capital for the establishment of the special economic zone had already yielded favorable results. Due to the lack of experience, we have encountered certain setbacks and problems in the course of our work. However, after the tightening of control, the strengthening of ideological and political work and the adoption of measures against serious economic criminal activities, a solution has gradually been found to deal with defects and problems which had cropped up. It can be said that 1982 has turned out to be a year marked by the healthy development of our external economic operations.

How, then, is our province going to break new ground in its external economic operations in the new year? According to Wei Nanjin, we must, on the basis of the experience which we have gained, firmly adhere to the principle of standing united in our external economic operations, continue to implement the special open door policy, adopt flexible measures, make better use of foreign

capital to bring in advanced technology to remould the old enterprises and improve the standard of administration so that we may replace the old products with the new and make them more competitive. We must set a high priority on the need for competent handling of our foreign trade which serves as a foundation for all our external economic operations. We must also open up new markets and new areas for economic exchange. For that purpose, we must direct our efforts toward the following:

First, we must continue to develop our "processing and assembling" operations. Adjacent to Hong Kong and Macao, our province enjoys close relations with the overseas Chinese, a factor which is conducive to the development of "processing and assembling" operations. We must make good use of our experience and endeavor to do an even better job in that area.

Second, we must continue to cooperate in joint-investment operations. In 1982, 50 contracts totaling U.S. \$300 million were concluded for various projects, which will be put into operation this year. Discussions on another 50 projects are about to be concluded and contracts will be signed within the year. We have also decided to accept bids from our clients on some 50 key projects for bringing in foreign capital.

Third, in bringing in foreign capital, special emphasis should be placed on bringing in advanced technology and equipment so that we may remould the old enterprises and upgrade the quality of our products in order to further consolidate our position in the international market.

Fourth, approval was given on the eve of the new year by the State Council for our province to set up an International Economic and Technical Cooperation Company. Positive effort should be made to contract for engineering projects and for the export of labor in order to expand the scope of our external economic operations.

Fifth, we should, as a matter of policy, direct our efforts toward the legal formalization of our existing external economic policy through the legislative process. We must, at the same time, seek a solution to the problems relating to the heavy burdens borne by the enterprises established with capital. We must eliminate unreasonable payments from foreign investment enterprises and give the "green light" to the utilization of foreign capital.

Furthermore, we must upgrade our workstyle and simplify the procedure for assessing and granting approval to contracts for various operations so as to promote the development of foreign economic cooperation in the new year.

Turning to the need to protect investments made by foreign businessmen, Wei Nanjin pointed out that it is stipulated in Article 18 of the newly-promulgated Constitution that "their legitimate rights and interests are fully protected by the laws of the People's Republic of China." In our projects of external economic cooperation, we have always abided by the profit sharing principle on a basis of equality. While protecting our own interests, we must also give consideration to the need to offer legitimate benefits to the investors. At the same time, attention must be paid to the fulfillment of contract terms

and the need to maintain continuity and stability in matters of policy. For instance, according to the income tax law announced recently by the Standing Committee of the People's Congress, the preferential tax treatment stipulated in contracts concluded prior to the promulgation of the new tax law will continue to apply and new contracts will be signed on the basis of the new tax law upon the expiration of the old contracts.

While conveying his greetings through this paper to foreign businessmen, Wei Nanjin stated that the economic situation in our province is most favorable and that steady progress has been made in 3 consecutive years. Prospects are excellent for economic cooperation and foreign businessmen are welcome to invest in cooperative projects. He expressed the hope that the overseas Chinese and our compatriots in Hong Kong and Macao, who have long demonstrated their love for their country and their places of origin, will offer us assistance in bringing in advanced technology and equipment and lend us their support in our effort to develop new markets and to expand the scope of our external economic operations.

9621

CSO: 4006/211

FOREIGN TRADE

SHANGHAI OVERFULFILLS EXPORT PLAN

Shanghai JIEFANG RIBAO in Chinese 9 Jan 83 p 1

[Article by Correspondent Dong Jin [2639 6855] and Reporter Gao Xiaoxiao [7559 5135 4562]: "Foreign Trade Departments in Shanghai Overfulfill Export Quota for 1982"]

[Text] By adopting various flexible measures and continuing to enlarge the scope of their trading areas, the foreign trade departments in Shanghai have now established trade relations with 14,000 clients in 160 countries and regions throughout the world. The export volume has continued to climb and the adjusted export quota set by the state has been overfulfilled.

The 120 major export items from Shanghai, including synthetic silk, synthetic cotton yarn, washable cotton goods, woolen garments, shoes, canned goods, tea, frozen domestic fowl, herbal medicine, edible oils and white rice, which make up for some 40 percent of the export items, all registered increases in 1982.

Last year, while the international market was in the grip of a severe recession, the head foreign trade company in Shanghai adopted such flexible measures as "sending people out and inviting people in" to enlarge its export volume. Over 90 teams were sent to over 70 countries and regions to solicit clients, to study market conditions and to promote the sale of commercial products. Small-scale meetings were held on separate occasions in Hong Kong to discuss such products as articles for educational use, daily commodities, tools and small metal products. Commercial products were delivered to the door so that the merchants might look at the samples and make their selections. The wishes of the merchants were complied with and mutually satisfactory transactions were made.

Last year, a large number of overseas offices were set up by the foreign trade departments in Shanghai. The state has, up to the moment, established offices in or assigned permanent representatives to such places as Hong Kong, Japan, the United States and Switzerland to study the demand for various products in the local markets and changes in market conditions and to deal with certain problems in the export trade. At the same time, effort was made to establish trade relations with large department stores and chain stores in foreign countries and to reduce the number of links in the chain in order to increase

to a significant extent the volume of the export trade. Furthermore, over 900 prestigious and qualified agents and independent wholesalers were selected to serve as agents to handle the sale of our products. These clients, who act as our agents for the sale of a great variety of products, are distributed in 82 countries and regions on the 5 continents.

Merchants were also invited by our overseas offices and permanent representatives to visit Shanghai and to place their orders. They were invited to participate in small-scale discussions on feather products, woolen and silk textiles, fur products, aromatic oils and garments. Those participating in the discussions numbered 20,000 persons/times. A great volume of transactions was concluded, giving Shanghai a further boost in its burgeoning export trade.

9621

CSO: 4006/211

FOREIGN TRADE

FUJIAN GOVERNOR ON FOREIGN TECHNOLOGY PURCHASE

OW150240 Beijing XINHUA in English 0227 GMT 15 Feb 83

[Text] Fuzhou, February 15 (XINHUA)--Fujian Province will spend about 50 million U.S. dollars a year to buy advanced foreign technology and equipment for transforming 100 old enterprises, said acting governor of Fujian Province, Hu Ping.

This is part of the province's program for expanding foreign economic cooperation. In 1983, the province plans to import technical equipment for 105 projects. Feasibility studies have already been made on 54 of them and contracts have been signed on some.

Since the province adopted flexible policies three years ago, foreign investment of 130 million U.S. dollars has been used and 4,000 pieces of equipment have been imported.

Technology and equipment to be imported in the next few years will mainly be for technical transformation of enterprises in the light, textile, machinery, electronics and food processing industries, the acting governor said.

In addition, Hu Ping said, the province will expand exports, step up construction of basic facilities and accelerate construction of the Xiamen special economic zone.

In 1982, Hu Ping said, the province's export volume reached 370 million U.S. dollars. New facilities under construction now include an airport at Fuzhou, ship berths in Xiamen, power plants and hotels.

Hu Ping said the Xiamen special economic zone is ready to accept foreign investment and construct factories. The province will grant preferential treatment in land use, income tax, import and export control, foreign exchange control and labor service to overseas investors wishing to do business in the province.

CSO: 4020/51

FOREIGN TRADE

TIANJIN BANK ENCOURAGES TECHNICAL TRANSFORMATION

OW281620 Beijing XINHUA in English 1502 GMT 28 Jan 83

[Text] Beijing, January 28 (XINHUA)--The Bank of China plans to loan 190 million U.S. dollars and 4.3 billion yuan RMB in 1983 to upgrade the port city of Tianjin's enterprises and expand export trade.

Of the foreign exchange, 100 million dollars will be loaned at prime rate, Niu Zhizhong, general manager of the Bank of China Tianjin branch, said today in a XINHUA interview. The general manager's remarks followed his participation in the bank's national conference, which closed here in Beijing Wednesday.

Compared with past year's figures, the new loans in both foreign exchange and RMB represent increases of 227 percent and 7.5 percent, respectively, Niu Zhizhong said.

Tianjin is one of China's major trading ports and is among those coastal cities undergoing technical transformation. In 1982, Niu Zhizhong said, the Tianjin branch funded 103 revamping projects in the form of loans amounting to 58 million U.S. dollars.

"We expect to finance 200 more such projects this year," he said.

In making loans, he said, the focus is on upgrading textile and printing and dyeing enterprises in order to improve quality and increase the variety of products. The focus is also on developing energy and marine chemical industries, communications and transportation, scientific research and education.

Niu Zhizhong said the Tianjin branch would issue special loans in foreign exchange to help revamp those enterprises that need foreign currency they are unable to repay at the present time.

In 1983, the Tianjin branch plans to extend export credits, to boost the city's export of electronic products, machinery and complete sets of equipment, in addition to and continuing its trust, investment, consultancy and leasing services. It will also sponsor negotiation conference for absorbing foreign capital and importing technologies, Niu Zhizhong said.

CSO: 4020/51

FOREIGN TRADE

BRIEFS

DELEGATION TO IMF MEETING--Beijing, January 30 (XINHUA)--A six-member delegation led by Shang Ming, advisor to the People's Bank of China, left here today for the United States to attend the annual meeting of the International Monetary Fund. The meeting will discuss increase of member states' quotas and the world economic situation. [Text] [OW300853 Beijing XINHUA in English 0817 GMT 30 Jan 83]

CSO: 4020/51

TRANSPORTATION

'JINGJI GUANLI' ON DEVELOPING TRANSPORTATION

HK161232 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 82 pp 1-13

[Article by Huang Yuqing [7806 6735 7230] and Xiao Zhe [5132 0772]: "It Is Imperative To Develop Transportation in a Big Way"]

[Text] At the present stage, the capacity of transportation is far from meeting the needs in the growth of transportation volume. The critical situation in transportation has become an important factor that has affected the development of China's national economy. In his report to the 12th CPC Congress, Comrade Hu Yaobang pointed out: "It is necessary in the next two decades to firmly grasp such basic links as agriculture, energy, transportation, education and science and they all must be regarded as major strategic keys in developing the economy." To spare no effort in developing transportation is a question about which the whole party and people are very much concerned, it is also a major question that has to be resolved in realizing the grand goal put forth by the 12th Congress.

I. The Situation in the Development of Transportation

Transportation in China was very backward prior to liberation. Traffic lines were scarce, their location was irrational, facilities were backward and with incomplete departments. In short, things were in an awful mess. Following liberation, things have developed enormously. Comprehensive transportation networks have been gradually formed and they are composed of the five types of transportation facilities such as railways, waterways, highways, civil aviation and pipeways, with railways and coastal and Changjiang River water transportation as the main. By the end of 1981, the total length of comprehensive transportation networks across the country was more than 1.25 million kilometers, a growth of 600 percent over the 1949 figure. Railway mileage was 52,000 kilometers, a growth of 140 percent; the completed railways were more than 8,680 kilometers long; highway mileage was 897,000 kilometers, a growth of 1,001 percent. Waterways transportation mileage was 109,000 kilometers, an increase of 48 percent. There were no pipeways in preliberation China, and now there are pipeways with a total length of 10,600 kilometers. Civil aviation mileage was 348,000 kilometers (calculated on the basis of repeated distance).

Considerable improvement has been made in the location of transportation lines. The regions in southwest and northwest China were basically inaccessible to traffic and backward in economy; now the proportion of railway length in these regions has increased from 5.5 percent of the national railway length in 1949 to 24.8 percent. The proportion of highway length has increased from 24.2 percent to 31.9 percent.

Transportation facilities have been strengthened considerably. In 1980, the number of locomotives was 150 percent more than 1949 and the number of internal combustion and electric locomotives made up 22 percent of the total locomotives; cargo and passenger vehicles respectively increased by 470 percent and 300 percent. From 1950 to 1980, horsepower of waterways tugboats and the tonnage of waterways vessels and barges respectively increased by 870 percent and 4,140 percent and the tonnage of coastal vessels increased by 1,940 percent. In 1951, there were only 5 ocean-going vessels with a total deadweight tonnage of 45,500 and in 1981 there were 633 such vessels with a total deadweight tonnage of 11.56 million. There were 330 coastal harbors and berths, of which 139 were deep water berths capable of handling 10,000-ton class vessels. The number of public vehicles was 1.97 million, 3,760 percent more than 1949. Civil aircraft increased by more than 3,000 percent.

Thanks to the growth of transportation lines and facilities, passenger and cargo volumes claimed by transportation has grown rapidly. Compared with 1950, passenger transportation volume and passenger revenue in 1981 increased by 1,790 and 940 percent respectively, while cargo transportation vessels and cargo revenue increased by 1,900 and 2,620 percent respectively. The handling capacity of coastal harbors and the harbors along the Changjiang River in 1981 was 1,420 and 900 percent respectively higher than 1952.

II. The Main Problems in Transportation

The 3d plenary session of the 11th CPC Central Committee has defined a strategic policy of shifting key works of the party and state into economic construction and put forth the correct principle of "readjusting, restructuring, reorganizing and upgrading." These policies and principles have pointed out the correct orientation for the development of transportation and set higher demands. Goods revenue completed by various forms of transportation in 1981 was 18.3 percent more than in 1978; passenger traffic volume and passenger revenue respectively increased by 51.8 percent and 43.4 percent to basically guarantee the needs of the stable development of the national economy during the readjustment period. But for quite a long period, the important position and leading role of transportation were neglected in economic construction because of the influence of "leftist" ideology, and consequently transportation was seriously out of proportion with the national economy. The contradiction between transportation capacity and transportation volume has become more acute, the situation of transportation has become more critical and it is very far from meeting the needs either in the development of economy or in the people's life. This situation is mainly shown in the following three aspects.

1. Coal transportation. Coal is an important source of energy in China and it makes up about 70 percent of the total energy consumption. In China, coal

has always been in the primary position in the structure of transportation volume. By the end of the 1950s, coal made up 25 percent of this structure and this increased to 34 percent in 1980. Coal transportation by railways made up 40 percent of the total transportation volume, of which the total volume of the coal transported from Shanxi Province by several railway lines made up 85 percent. Coal transportation by waterways made up one quarter of the total waterways transportation volume while highways made up one third. Most coal resources in China are concentrated in north China and the deposits of the five provinces of Shanxi, Nei Monggol, Shaanxi, Henan and Hubei made up two thirds of the total prospected coal deposits across the country with total output coming to one third. The deposits in Shanxi Province made up one third of the national figures, and output one sixth. But industrial output value of north China only made up 16 percent of the national total, and coal consumption made up one third. The total coal deposits of the 15 provinces, municipalities and regions in northeast China, north China and south-central China made up only one fifth of the national total and yet the coal to consumption of these places made up 58 percent. Therefore, for quite a long time, various regions had very heavy tasks for transporting coal, with transportation volume increasing annually. Coal transportation volume in 1980 was 74 percent higher than 1970. From 1979 to 1981, the volume of the coal transported from Shanxi Province on average increased by 9.25 million tons every year and it is expected to increase by 6 million tons this year. But such increases have still failed to meet the needs in the development of industrial production. By the end of 1981, the coal inventory in Shanxi Province was more than 17 million tons and part of it has been burned. Millions of tons of coal in Henan Province are also awaiting transportation and coal production in Nei Monggol and Ningxia Province is carried out according to transportation capacity. On the other hand, Shanghai and southeast coastal provinces have advanced industries and they urgently need coal but it cannot be transported in. A number of enterprises in these regions are working below capacity or they often have no coal to burn. Consequently, the pressure on transportation is becoming heavier.

2. Transportation of foreign trade goods. Foreign trade in China has been developing very rapidly over the past few years. More than 90 percent of foreign trade goods are shipped through major harbors of coastal regions, but the handling capacity of these harbors lags far behind the need. Harbor handling capacity in 1980 was 2,520 percent higher than in 1949, the length of harbor shores increased by 100 percent and the number of deep water berths only increased by about 300 percent. The actual handling capacity of the 15 main coastal harbors has already surpassed the designed capacity by 16 percent. Shortage of deep water berths has caused serious shortages in the capacity of harbor warehouses, hinterland railways, hinterland rivers and the warehouses, hinter land railways, hinterland rivers and the warehouses of goods management departments. In addition, vessel arrivals are not even. The transportation of goods for foreign trade has always been tight and the stockpiling of goods and the delay of vessels in handling cargoes are serious. The first half of 1981 witnessed the most serious situation, when an average of 358 vessels were waiting to handle foreign trade cargoes every day. This was the most serious congestion since the founding of the PRC. Today, an average of 50 percent of foreign trade vessels are handling cargoes inside

harbors while another 50 percent are waiting outside harbors and this situation has directly caused an annual loss of US\$100-200 million to seriously affect the development of foreign trade and the prestige of the country. Over the past few years, the state departments concerned have taken major measures to improve this situation. For example, a number of deep water berths have been built in coastal harbors; parts of the existing harbors have been technically reformed; cargo handling mechanization has been improved, and other harbors have been opened to foreign countries. By the end of 1981, there were 22 harbors open to foreign vessels, 6 cargo handling surface pions, 10 harbors were used by Chinese vessels in handling foreign trade goods and a total of 118 cargo handling points were built in Fujian and Guangdong provinces for trading with Hong Kong and Macao. But in spite of all these, transportation capacity is still lagging behind the needs of the increasing foreign trade.

3. Passenger transportation. Mutual contact between production and marketing departments has been increased, and the rural and urban economy has been increasingly activated. Following the setting up of free markets, the comings and goings of long-distance and short-distance peddlers have increased. Following improvements in the people's life, the number of local tourists and those visiting relatives and friends has drastically increased. Following the development of the tourist industry, economic, cultural and technical exchanges between China and foreign countries have been expanded and more international friends have visited China. Over the past few years, passenger transportation volume has increased dramatically. Before 1979, passenger volume on the average increased by 10.7 percent annually, the figure for 1980 was 18 percent higher than 1979 and the figure for 1981 was 12.6 percent higher than 1980. But the growth of passenger transportation facilities was much lower than the growth of passenger transportation volume. Total passenger transportation volume in 1980 was 2,400 percent higher than 1949 and passenger revenue increased by 1,400 percent. During the same period, the number of railway passenger cars increased by 310 percent, vessel passenger seats increased by 230 percent and passenger volume increased by 1,210 percent. "Difficult to travel" has become a serious problem in people's life. Passenger vehicles and passenger vessels are in general overloaded. The overloading rate of railway passenger cars is 30 percent, and sometimes as high as 80 percent. The overloading rate for passenger vessels serving the Changjiang River and coastal lines is more than 30 percent, and on some other routes the figure is as high as 70 percent. Overloading of highways is also very serious. This situation has not only affected the quality of service but has also threatened the safety of passengers.

III. Basic Measures for Improving Transportation

The basic reason for the critical situation in transportation is that we do not have enough transportation capacity. Over the past few years, the proportion of the building of transportation in the total investment of the national economy has gradually decreased. Prior to 1976, the proportion was maintained at over 16 percent, but it dropped to 14.9 percent in 1978 and 12.9 percent in 1979. In 1980 it dropped to 11.8 percent and in 1981 it dropped to less than 10 percent. Of course, this proportion could not but

decrease but such a situation was not in the interest of the development of the national economy. Now the CPC Central Committee and the State Council have defined it a state strategy to "combine energy construction and the building of transportation and with transportation as the vanguard." It has also been decided to increase investment on transportation in the latter 3 years of the Sixth Five-Year Plan and in the period of the Seventh Five-Year Plan, and strengthen the building of transportation along every construction so as to basically change the backward situation of transportation and communications, form a good foundation for realizing the grade strategic goal for the economic development of China and create conditions for an overall upsurge of the socialist economy. All these are correct and imperative. From now on, it is necessary to make a good job of the following:

1. Readjust the location of productivity, industrial productivity in particular so as to rationalize goods transportation. The present situation is that while the situation of transportation is critical, and transportation capacity is in a state of serious shortage, the location of industrial productivity is not rational enough, and such an irrational situation of repeated transportation, excessive range transportation, convection transportation and roundabout transportation is a very serious waste of transportation power in a big way. In addition to the excessive range coal transportation as mentioned above, steel is also transported through excessively long distance, and we have even imported iron ore. For example, China's biggest iron and steel company of Anshan imports enormous quantities of iron ores from Hainan Island and foreign countries every year while there are rich iron ore deposits nearby yet to be fully utilized. In future, in studying the location of industrial productivity, the departments concerned must comprehensively appraise various conditions and put transportation conditions in an important position. It is correct for the state to have decided to exploit coal deposits in Shanxi Province in a big way. But from a long term point of view, it is necessary to solve the problem of transporting coal from Shanxi Province to northern and southern parts of the country. The departments concerned have set up the related organizations to study how to develop an energy basis with Shanxi Province as the centre in a bid to gradually develop a heavy industry and chemical industrial base by fully utilizing the local coal resources. At the same time, it is necessary to step up the construction of coal mining in northeast China (including Dongsan League of Nei Monggol), east China and west China regions and Henan Province. Enormous exploitation preparatory works have been done and more than 500 kilometers of new railways and electric power stations have been built for the exploitation of the three big opencut coal mines of Yuanbaoshan, Houlinhe and Yiminghe with rich resources of non-coking coal. These coal mines must be built as soon as possible so that they will be able to begin production and supply coal to northeastern regions. Coal deposits in northern and southern parts of the Huai River and in Xuzhou and Shandong areas make up more than 90 percent of the prospected total deposits in east China, they are of good quality with many varieties and these areas are accessible to traffic. These deposits must be exploited as early as possible so as to supply coal to Shanghai and provinces in east China. Guizhou and Henan provinces are also rich in coal deposits and they have considerable exploitation scale and capacity. Coal exploitation and the building of transportation in these two provinces must be stepped up so as to supply

coal to neighboring provinces and regions. In this way, we will be able not only to make enormous savings on transportation, but also to step up economic development and improve social comprehensive economic efficiency.

2. Actively develop coal and ore washing and dressing facilities to improve quality and decrease ineffective transportation. At present, more than 80 percent of coal consumers throughout the country are using crude coal. As the coal under unified distribution across the country is crude coal that has not been washed, railway transportation on the average wastes about 30 million tons of transportation capacity annually and locomotives have to consume an additional 1.5 million tons of coal, which means that the state has to spend an additional 140 million yuan on transportation fees each year. If in the next 10 years, the proportion of washed coal is increased from the current 18 percent of all coal produced throughout the country to 30 to 40 percent, China will be able to save 700 to 800 million tons of transportation capacity annually and locomotives will be able to save 3.5 to 4 million tons coals and transportation fees will be cut by 300 to 400 million yuan. To increase the proportion of ore dressing will also decrease ineffective transportation, save transportation capacity and decrease enterprise production cost.

3. Step up the technical reform of the railway sections with deficient transportation capacity and the harbors with deficient handling capacity and spare no effort to improve transportation capacity. All these are basic ways for solving the problems of transportation. Therefore, it is necessary to define long-range development planning for the building of transportation. In the past, there was no long-range planning for comprehensive development in the construction of transportation and the construction of various forms of transportation was carried out according to the interest of each transportation system, resulting in repetitious construction and serious waste. We must keep such experience and lessons in mind.

At present, we must start by improving weak links and reform existing railways and build new transportation lines in a planned and step by step manner based on energy construction. It is also necessary to meet the needs of development of foreign trade and build new harbors and deepwater berths. In future, the building of railway transportation must mainly be concentrated in the building of main lines for transporting coal from Shanxi (including Nei Monggol, Ningxia, Shaanxi and Henan). It is also necessary to step up technical reforms of these lines and build feeder railways. The key work of waterway transportation building must be mainly concentrated on building coastal main harbors, such as the four coal harbors of Qinhuangdao, Shijiusuo, Qingdao and Lianyungang, the timber terminals of Tianjin and Qinhuangdao, container terminals of Tianjin, Shanghai and Huangpu, and in building and expanding the Zhecheng harbor of Changjiang River, the deepwater harbors of Nanjing and Zhenjiang and Wuhan harbors. These projects must be speeded up so that they can be completed on time or ahead of schedule. It is very important to coordinate the construction of harbors with the building of railways in rear areas so that the construction of these two systems can progress simultaneously and harmoniously in order to display transportation capacity.

4. Actively use advanced technology. Of the current haulage rate, 77 percent is by various-type steam locomotives, more than 30 percent of which are 30-years old. However, the haulage capacity of electric and steam locomotives is only 23 percent. Because of a reverse pulling motive force, the total haulage capacity of each cargo train of the trunk railways in China is only around 3,000

to 3,500 tons. Some industrially advanced countries also use electric or steam locomotives, but the total haulage capacity of each cargo train in those countries is more than 10,000 tons and the highest figure is as high as 20,000 tons. It is imperative for China to take active measures and develop electric and steam locomotives in order to gradually increase their proportion. We must also base ourselves on the advice of experts and trial-use heavy-duty trains in the main coal trunk railways from Datong to Qinghuangdao which can pull 100 cars with a capacity of 60 tons each so as to increase total haulage capacity. It is also imperative to achieve a technical breakthrough or purchase patents with regard to such advanced equipment as moderators, swiveling railway trucks, couplings and brakes, actively develop large-sized cargo trains, use 60-kg heavy-duty rails and gradually use heavy-duty trains in the trunk railways under certain conditions. It is also necessary to build one to two railway lines for heavy-duty trains to link Shanxi with other places and transport coal from this province. More than 90 percent of the existing trucks in China are gasoline trucks with a cargo capacity of only 4 tons; with a low capacity, these trucks have a high oil consumption rate; therefore, it is imperative to develop in a planned way the use of diesel trucks with a capacity or more than 8 tons. We must also gradually develop specialized trucks, such as bulk cargo trucks, refrigerator vans and container vehicles. Vessels must use advanced navigation and telecommunications equipment. For waterways transportation, we must develop a fleet of barges. Harbors must be equipped with advanced cargo-handling machinery and technology so as to increase loading and unloading efficiency. At the same time, measures must be taken to develop loading and unloading facilities for containers so as to create conditions to develop containerized transportation of scattered cargoes and other enormous cargoes such as grain, chemical fertilizer and cement.

5. Step up transportation organizations work in a big way. First of all, it is imperative to develop thorough transportation. Over the past few years, tremendous achievements have been made in developing water-and-land coordinated transport for large cargoes. At present, more than 4,000 railway stations throughout the country and 97 main harbors have carried out coordinated transport. In 1981, they transported more than 50 million tons of cargo. In addition, more than 30 coordinated transportation service companies and more than 300 coordinated transportation service points were formed, with an annual cargo transportation volume of more than 40 million tons, saving cargo owners 200 million yuan. In 1981, a total of 1.59 million containers were handled through "door-to-door" coordinated transport, an increase of 540 percent over the total of 245,000 containers of internal transport in 1979. New developments also have been made in international coordinated transport of big containers. In future, it is necessary to continue to step up organizational leadership to perfect the management of coordinated transport, expand the range of coordinated transport of large cargoes, add warehouses and trans-shipment facilities of coordinated transportation service enterprises and improve the quality of their service. At the same time it is also imperative to organize well goods circulation and enable various transportation forms carry out division of work rationally. For quite a long period, railways have had too heavy transportation tasks and enormous short-range goods have been stockpiled. The revenue of railway passenger and cargo transportation respectively made up 60 percent and 50 percent of the total revenue

of the national passenger and cargo transportation; the revenue for the transportation of goods with a range less than 100 kilometers is 25 percent and the figure for the transportation of less than 50 kilometers is 14 percent. On the other hand, a great number of vehicles have been idled and the roles of the main lines of coastal and Changjiang River waterways transportation are yet to be fully displayed. Therefore, it is necessary to define the rational range of the use of various transportation forms according to their economic features and make them carry out division of work in a proper way. Railway transportation must mainly engage in carrying large cargoes over a long distance; short-range cargoes should be carried by vehicles, while goods that are suitable for waterway transportation must be transported through waterways transportation or by coordinate transport of railways and waterways. With regard to the transportation of goods for foreign trade, we must persist in balancing the plans of the central government and localities and also be active in developing water trans-shipment between foreign trade vessels and harbors. Since the second half of 1981, considerable achievements have been made by balancing transportation plans of the central government and Shanghai Municipality for foreign trade goods. In 1981, more than 30 percent of the goods in Shanghai harbor were transshipped on the water and new progress has been made this year. Barges in Shanghai now total more than 80,000 tons. Since July this year, goods in warehouses in coastal main harbors have been stockpiled and vessels must wait for handling cargoes. However, there are no such situation in Shanghai harbor, even though the number of the vessels calling has drastically increased. It is, therefore, necessary to popularize Shanghai's experiences in a big way. It is also necessary to expand passenger trains. A passenger train in China usually has 13 cars. If we increase the number of cars to 15 and the number of passenger dispersing facilities in stations, we will be able to carry an additional several hundred million passengers per year. This is an effective method with little investment and, therefore, it must be introduced by railway departments as soon as possible.

6. Improve management and tap transportation potential. Cargo damages are very serious, resulting from improper handling during transportation and loose prevention measures. Traffic accidents often occur, causing serious damages to the state, endangering the passengers and seriously affecting normal transportation. Therefore, it is imperative to strengthen discipline, form an economic responsibility system, strictly implement rules and regulations, and rules of technical operation and step up inspections and supervision. Those who fail to carry out their duties and steal that which is entrusted to their care must be punished.

TRANSPORTATION

'JINGJI GUANLI' ON RENEWING, REFORMING VEHICLES

HK160949 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 82 pp 16-17

[Article by He Zhuguo [0149 2691 0948] of Hunan Provincial Transportation Bureau: "We Urgently Need To Renew and Reform the Vehicles of Transportation Departments"]

[Text] Vehicles represent important technical equipment of transportation departments and important labor means in transportation production. The performance of vehicles is closely related to constantly improving labor productivity and lowering transportation costs.

For some time past, transportation departments have added very few vehicles with relatively advanced technology because they lacked funds. At the same time, because of low vehicle depreciation rate, improper use of vehicles and failures to make up for mechanical damage, vehicle renewal periods have become longer and longer. Under this situation, a number of vehicles transportation enterprises could not but repair and piece together old vehicles year after year; consequently, there appeared the so-called "five continents" brand and "long life" vehicles. It seems that we have "made the best use of everything." In fact there are many shortcomings. First, because we neglected the importance of renewing and reforming, many vehicles are "in service over an excessive period" and "operating with some defects." Consequently, the technical condition of such vehicles is getting worse, their transportation rate is getting lower and the enterprises themselves have not only failed to expand reproduction but have also found it difficult even to maintain simple reproduction. Second, the over-hauled and matched vehicles are not only low in technical performance but are also characterized by high energy consumption and high transportation costs, and when they are being repaired, they seriously affect economic efficiency. Statistics show that after such vehicles have run for a total of 600,000 km, their operation will cause losses. There are now more than 2 million vehicles of various types in China; they consume 10 million tons of gasoline and diesel oil every year, representing 40 percent of the total national oil consumption. Most of these vehicles were made in the 1940s and 1950s and their oil consumption rate is 12 to 20 percent higher than the new ones. Third, the repairing and matching use enormous maintenance labor force and funds. An average of 8,000 yuan is needed to repair a truck while the transportation cost of the truck that has been repaired on 2 occasions is 40 percent higher than a new one. Therefore, such overhauls not only fail to save state funds or add to social wealth but also cause serious waste. Shaoyang vehicle transportation company of Hunan Province

carried out investigations on 10 of the 5-ton heavy-duty "Dongfeng" new trucks and 10 of the old "liberation" trucks that have been running for more than 100,000 km. The maintenance fee of the new vehicles only makes up 7.8 percent of transportation cost, their per 100 ton kilometer oil consumption is 8.3 kl which is 30.7 percent of transportation costs; per 1,000 ton kilometer cost is 131.9 yuan, with a profit rate of 27.5 percent. On the other hand, the maintenance fee of the old vehicles makes up 19.89 percent of transportation cost, per 100 ton kilometer oil consumption is 9.3 kl which is 34.78 percent of the cost, and per 1,000 ton kilometer cost is 189.56 yuan and this carried figure means a loss of 0.5 yuan in business. Fourth, the transportation departments are slow in renewing their vehicles and consequently a great number of new vehicles with better technical performance become unsalable. This situation is not only unfavorable to developing the car industry in China but has also objectively hindered the development of social productivity. Fifth, the proportion of business vehicles of the transportation departments in the total number of civilian cars in society has gradually dropped from about 70 percent in the 1950s to the present 10 percent. This situation has become an important reason for the failure of vehicle transportation to meet the needs of the development of the national economy. Such imbalance will accelerate unless measures are taken.

There are many reasons for this situation and one important one is that we violated the law of simple reproduction and did not pay attention to making up for and renewing fixed assets. In the past, there were also many problems in the retention and use of vehicle depreciation funds. Transportation departments have very limited retention for depreciation funds and yet they have to hand over 5 percent to the financial department. In some places, management departments have also deducted a certain amount from depreciation funds for investment in other industrial departments and the recovery from such investment is less than 1/3. Some enterprises have neglected the nature of depreciation funds and the funds for tapping potential and reforms allocated following the handing over to financial departments and instead of using such funds to renew vehicles, they have used them in other investments.

In short, as transportation departments have used few funds to renew and reform vehicles; of the existing business vehicles, about 1/3 have been running for more than 700,000 km, and a few have covered nearly 1 million km. Some of the vehicles made in early 1950s are still in use. Such method of "30-year set system" is contradictory to the rapidly developing science and technology today and to the requirement of the modernization program. It can be said that we can no longer wait for the renewal and reform of vehicles is an urgent matter.

In order to solve the deficiency of funds in transportation departments and speed up the renewal and reform of vehicles, it is not only imperative for the state to increase investment in transportation departments, but also to solve the following problems.

First, it is necessary to raise ideological understanding and correct the view which regards depreciation funds and having the nature of compensatory funds and accumulation funds. In the past, some comrades in management departments held that depreciation funds had the two functions of compensatory

funds and accumulation funds, and consequently they used 2/3 of the depreciation funds in other investments. According to our view, such a practice is wrong. When analysing the compensation of fixed assets, Marx pointed out in Vol II of "Das Kapital" that depreciation funds are a monetary form separated from fixed assets and one which temporarily precipitates by the side of the means of production. Following the process of wear and tear of fixed assets, depreciation funds gradually change into production costs and are formed in the recovery of this part of the funds through selling. The function of depreciation funds is to compensate for the "worn out machines" and therefore depreciation funds are an important factor for intensive expansion of reproduction. This theory proves that depreciation funds only have the nature of compensatory funds; they have no nature of accumulation funds. According to this principle, it is imperative in future to let transportation departments retain all depreciation funds and these funds must be used in renewing and reforming vehicles, not in other investments.

Second, it is necessary to define a correct technical and economic policy. At present it is imperative to readjust the proportion between vehicle depreciation funds and maintenance funds so that the depreciation funds allocated for each period will accord with the drop in the value of the vehicles in the same period. In the past, the depreciation funds put forth by transportation departments in defining depreciation standard was relatively low. Take the situation of a passenger vehicle for example. The original price of such a vehicle is about 28,000 yuan and it has been defined that the vehicle must be discarded after servicing 850,000 km, with per vehicle per km depreciation standard of 0.03 yuan. Accordingly, it requires about 20 years before a vehicle can be renewed once. The price of vehicles has changed in recent years and the price of passenger vehicles has increased to an average of 39,000 yuan each. If we calculate according to the above-mentioned proportions, that is to say, if the depreciation funds are calculated according to the fixed assets that should be distributed on average during the stated years and according to the 600,000 km of coverable mileage, per vehicle per km depreciation fee should be increased by 0.065 yuan. In this way, a vehicle can be renewed once in 10 to 20 years. In addition to increasing the depreciation fee rate it is also considerable to use a new depreciation fee retention rate. For example, the enterprises with the right conditions may try to use the method of adding years. This method is to multiply the basic depreciation figure by the decreased depreciation rate to define the annual depreciation figure. For example, the first year depreciation rate of a vehicle that can be used for 10 years would be: $10/1 + 2 + 3 \dots 10$ equals $10/55$ times the basic depreciation figure of 39,000 yuan. That is to say, the depreciation rate for the first year is 7.090 yuan. For the second year; $9/55$ times 39,000 yuan. The depreciation rate for the last year is $1/55$. With this method, the basic depreciation figure remains unchanged, the depreciation rate is high in the beginning but will decrease annually and gradually until book value equals disability value and depreciation is no longer needed. Another method is gradually decreasing surplus volume. As fixed assets play the greater role in the first few years of investment, in the first year the depreciation rate may be $1/2$ or $1/3$ of the fixed assets, and in the following years it may be calculated on the basis of $1/3$ or $1/4$ of the net value of the fixed assets; the depreciation ends when book value equals disability value. At the present stage, most enterprises are in the position to introduce these

two methods. Investigations show that a newly bought "Huanghe" passenger diesel vehicle brings an annual profit of 40,000 yuan; therefore it is possible to retain 7,000-10,000 yuan in the first year. A 45-seat "Dongfeng" gasoline passenger vehicle brings a net profit of 25,000 yuan in the first year of investment and 4 years later, the profit will drop to 10,000 yuan. If the depreciation rate is divided according to the defined years, a total of 3,000 to 4,000 yuan fixed assets depreciation fee can be retained annually. It is unreasonable to retain the same depreciation fee for an old vehicle as for a new one because of new vehicle is different from an old one and the older a vehicle becomes, the higher will be its minor maintenance free. According to my view, it is more rational to introduce either the method of "adding years" or "gradually decreasing surplus volume" because these methods are in the interests of speeding up the renewals and reforms of vehicles. If in future we are able to concentrate depreciation funds, overhaul funds and production development funds retained from enterprise profits and medium- and long-term equipment loans to form a "first," we will be able not only to solve the problem of sources for funds for renewing and reforming vehicles but also to accelerate these renewals and reforms.

Third, it is necessary to define the policy for renewing and reforming vehicles and eliminate by stages the outdated vehicles with high oil consumption and cost. Calculations show that if we replace a 4-ton gasoline truck designed in the 1950s with an 8-ton diesel truck of 1970s design, we will be able to recover all the investment in a matter of 4 years. If 1.3 million such vehicles across the country are renewed in 10 years, we will be able to save 600,000 tons of oil per year with a value of more than 100 million yuan. Therefore it is time for transportation departments to get rid of the vehicles that have been overhauled three times with overhaul fees exceeding the original price by 50 percent, have covered more than 600,000 km and have backward technology. At the same time, they must purchase some heavy-duty specialized vehicles, diesel vehicles and comfortable passenger vehicles. In this way, they will be able to gradually create conditions for using big and specialized vehicles with low diesel oil consumption. In this way, through several years of efforts, we will be able to basically change the backward technology and equipment of the transportation departments and make considerable improvement in both the quality and quantity of business vehicles.

TRANSPORTATION

BRIEFS

CHENGDU-CHONGQING RAILWAY--Chengdu, 27 Jan (XINHUA)--A 117.5-kilometer section between Chengdu and Ziyang on the Chengdu-Chongqing Railway, an artery of transport in Sichuan Province, has been electrified, the Chengdu Railway administration announced. The electrification project for the 505-kilometer railway is scheduled for completion in 1985, the administration said. The railway, one of the seven trunk railway lines in southwest China, will then be able to handle twice as much cargo as now. China now has five electric railways totalling 1,782 kilometers. Five other railways (including the Chengdu-Chongqing Railway) are being electrified. [Text] [Beijing XINHUA in English 0808 GMT 27 Jan 83 OW]

CSO: 4020/52

GENERAL

'JINGJI GUANLI' UNIVERSITY TO BE ESTABLISHED

HK160811 Beijing JINGJI GUANLI in Chinese No 12, 15 Dec 82 p 18

[Article by JINGJI GUANLI correspondent: "Industrial Research Institute of the Chinese Academy of Social Sciences, Education Research Association of Enterprise Industrial Management of China and editorial committee of monthly JINGJI GUANLI have decided to set up 'JINGJI GUANLI Magazine University' To Train Enterprise Management Cadres in a Big Way"]

[Text] The 12th CPC Congress has put forth the task of stepping up the study and application of economic science and management science, constantly improving the level of national economic planning and management and the management of enterprises and suggested the adoption of important strategic measures to train cadres in turn. At present, industrial and transportation enterprises throughout the country are carrying out overall readjustment in a planned way and step by step so as to systematically improve cadres' management level in enterprises. In particular, it is urgent to make enterprise cadres of middle level and above improve their overall management skills.

Accordingly, the Industrial Research Institute of the Chinese Academy of Social Sciences, the Education Research Association of Enterprise Industrial Management of China and editorial committee of the monthly JINGJI GUANLI have decided to jointly set up a "JINGJI GUANLI Magazine Education University" and first of all to form an "industrial enterprise management specialized course" so as to meet the needs in training enterprise management cadres in a big way.

This university is a new and good form for popularizing education. It will periodically issue teaching materials and guidance materials through magazines to enable readers to study by themselves and acquire the necessary specialized knowledge.

A preparatory meeting of the university was held in Beijing in November 1982. The meeting worked out an "education plan for industrial enterprise management specialized course." It is understood that this planning has defined middle level industrial management cadres of middle level and above as the main targets of training. It demanded that the cadres finish the defined eight subjects in 3 years through self-study. The teaching of three subjects (management of industrial enterprises, industrial economics and rules, and regulations of industrial economy) will be carried out through magazines and the other five

subjects (political economics, basic industrial statistics, basic industrial accounting, basic management mathematics and rules and regulations of industrial economy) are for self-study. With the study of these subjects, cadres will be able to reach college level in the specialization of enterprise management and to acquire the basic theory and specialized knowledge that are required in appraising industrial economists.

The meeting also decided that the teaching will be carried out in three forms. The first form is to enable the broad masses of readers to study by themselves the teaching and guidance materials provided by the university. There will be no checking or examination. The main purpose of this form is to popularize knowledge. The second form is for enterprises, cadre schools and party schools at grassroots levels to run various forms of training courses by making use of the teaching and guidance materials. Those who pass the examination held by the organizers of the courses will be given certificates by these organizers. The third form is that the university will set up branches in cities with certain conditions. These branches will enrol students according to school-entrance conditions. Those who participate in the entrance examination must be introduced by enterprises and they will be enrolled according to the results of the examination. The university stresses self-study; it will provide guidance report several times per term and carry out checking and examination according to the process of the study. Those who pass examinations in all eight subjects and made graduation designs that are linked with reality and up to quality requirement will be given graduation certificates by the university.

It has been initially decided to set up branches in a dozen cities such as Beijing, Shanghai, Tianjin, Xian, Shenyang and Wuhan and the headquarters will be set up in Beijing. The meeting has also discussed the facilities for the courses and decided to organize experts and scholars to take part in compiling teaching materials and guidance materials. Major teaching and guidance materials will be carried in the monthly JINGJI GUANLI while the teaching materials for self-study will be published and issued by the JINGJI GUANLI AGENCY. The headquarters and branches are expected to enrol students in the summer of 1983.

Teaching plans and the methods of enrolment will be carried in this magazine.

CSO: 4006/267

GENERAL

XU TIAOXIN COMMENTS ON NEW CONSTITUTION

Beijing ZHONGGUO CAIMAO BAO in Chinese 2 Dec 82 p 3

[Article by Staff Reporters Fang Lichen [2455 7812 6591] and Yu Liangjun [0151 5328 6874]: "Xu Tiaoxin on the New Constitution"]

[Text] During the period of the NPC, the reporters met the economist comrade Xu Tiaoxin at the site of the Guangdong provincial delegation. The 76 year old Xu looked like he was in his 60's. Since the founding of the nation, he has successively been chief of the Industrial and Commercial Administrative General Bureau, deputy chief of the CPC Central United Front Department, and Vice President of the Chinese Academy of Social Sciences. He is presently the advisor to the Chinese Academy of Social Sciences and Chairman of the National Demographical Society. That day, the delegates were talking about the Draft of the New Constitution. So we asked the reverend Xu to comment on the new content of the New Constitution regarding the economic aspect.

Xu said: Article 11 of the General Principles of the New Constitution stipulate that "The individual economy of the urban and rural working people within limits prescribed by law, is a complement to the socialist sector of the economy owned by the public. The state protects the lawful rights of the individual economy." He smiled and said: "This was not in the 1978 Constitution. The New Constitution has, with respect to the economic system, affirmed the fact that the system of public ownership of production materials is the basis of our country's socialist economic system. It has also stated clearly the development of a multiform economy on the premise of persevering in letting the national economy occupy the leading position. This is a very important revision."

Clearing his throat, Xu said: "Individual economy is a form of the multiform economy, and is a complement of the socialist public ownership system of economy. On the one hand, it is a quantitative complement and on the other it is a complement in terms of design and variety. The entire country has several hundred thousands of commodities. The state-run enterprises and collective enterprises cannot satisfy the multifarious daily necessities of the masses. Thus, this complement is a demand made by the development of the socialist economy, and is a long-term necessity. Furthermore, with respect to arranging employment, the entire country has a population increase

of over 10 million people every year. There are so many young people in need of a job. How can the state-run and collective enterprises accommodate all of them? Thus, it is very necessary that the state allows the existence of individual economy and protect the lawful rights and interests of the individual economy. Such a stipulation is in total accord with our country's situation."

At this point, the reporters reflected to Xu the propaganda which some cadres conducted upon the parents of young people who are awaiting employment: "Do not let your children work on their own, for individual households cannot grow!" and so forth. On hearing this, Xu said that this was the exercise of the "leftist" ideological influence. As a result, some comrades lack a profound understanding of the inevitability of the coexistence of a multiform economy in the socialist period. The New Constitution has defined the position and nature of the individual economy. This is of great significance in further eliminating the "leftist" influence. As the state's basic general law that has the greatest authority and highest legal effectiveness, the Constitution, after its implementation, will become the general regulation for running the country and giving the country peace and security in the new historical period in our country. Everyone must strictly adhere to and implement it.

Xu then went on to say that, in view of the existence of a multiform economy and in order to guarantee the proportional and harmonious development of the national economy, the state, in implementing the planned economy, should at the same time give play to the complementary role of market regulation. This is the first time that "market regulation" is written into the Constitution.

Then, the reporters pointed out that the 1978 Constitution stated that "the people's commune members can engage in a small amount of private plots and household sideline production," while the Draft of the New Constitution stipulated that "working people who are members of organization of the rural collective economy have the right, within limits prescribed by law, to farm plots of agricultural and hilly land, engage in household sideline production and keep livestock for their own needs." What is the difference between the two articles?

Xu took off his spectacles and said: "What is 'a small amount'? That is hard to say. I once encountered such an incident in Guangxi: There was a locality that stipulated that every household was only permitted to plant five banana trees. You could not plant six trees. Planting five trees is socialism and planting six trees is capitalism. Individual cadres who went down to the countryside would bring with them a knife and would cut down trees beyond the designated number. This was the result of the influence of the thinking that 'to be poor is revolutionary and to be rich is revisionist.' They were afraid of peasants becoming rich, as though the latter would restore capitalism if they had wealth. The Draft of the New Constitution broke this 'leftist' restriction, affirmed the peasants as the working people of organizations of the collective economy as well as people who carry out their own household sideline production. They embrace two

responsibilities. In this way, we can enable the peasants to do their best and feel free about attaining wealth through labor. In particular, the Draft of the New Constitution also stipulated that we will 'apply various forms of socialist responsibility system.' This is even more favorable to the solution of the problem of egalitarianism that does not make any difference whether one does more or does less. This has a significant meaning to building a socialist new countryside with a Chinese characteristic."

At this point, Xu put his spectacles on and took a look at the Draft of the New Constitution in his left hand. Pointing to Article 18, he said that here it was stipulated that foreign enterprises were permitted to make investments in China and that China-foreign joint investments were permitted. This article was not present in the previous Constitution. "Socialism cannot follow a closed-door policy." He paused emphatically. The foreign enterprises in the semi-feudal and semi-colonial old China formed a feeler for the imperialist aggression against China. Now it is different. Our country has become a socialist country in which the people are their own masters. Making use of foreign investments is beneficial to our country's socialist construction and is useful to fulfilling our goal of quadrupling the annual total value of production by the end of this century. He said, the Japanese monopolized the patent rights of technological inventions of other countries. This cannot be said to not be an important reason why Japan's economy developed swiftly in the 50's and 60's. We must borrow the successful experiences of others and use foreign investments and foreign advanced technology to serve us.

Xu spoke with fervor and assurance for almost two hours. He also commented on the fact that for the first time it was written into the Draft of the New Constitution such contents as the right to make their own decisions in enterprise economic management and the implementation of democratic management. These have benefited us greatly. Before parting, the reporters thanked him and he said, smiling: "It is everyone's duty to propagate the New Constitution!" Saying thus, he got up to go and attend a small group discussion.

9335

CSO: 4006/163

PROPOSED BUDGET 5.62 PERCENT BELOW CURRENT LEVEL

OW080822 Taipei TAIWAN MERCHANDISE OVERSEAS WEEKLY in English 29 Jan 83 p 2

[Text] The executive yuan (cabinet) has initially targeted the government budget for fiscal 1984, which begins July 1, at Nt\$319.3 billion, 5.62 percent below the Nt\$338.3 billion budget for the current fiscal year.

In the fiscal 1984 budget, expenditures for national defense and foreign affairs will continue to account for the largest percentage of the total; other areas of sizeable outlays will include economic development projects, education, science, culture, and social welfare.

The proposed budget will be the first to show negative growth since the government moved to Taiwan. J.K. Loh, vice minister of finance, pointed out that if the government were to expand the budget, as in the past, the deficit would only widen. The deficit for this fiscal year is expected to top Nt\$52.7 billion, largely the result of a steep decline in tax revenues.

Loh pointed out that although there are some signs that an economic recovery will begin in 1983, tax revenues will not increase during the next fiscal year because of the inevitable lag between an economic upturn and its effects on tax revenues.

In view of the anticipated squeeze in tax revenues in fiscal 1984, the government plans to issue Nt\$20 billion worth of bonds during the period. "Nt\$20 billion worth of bonds is not too sizeable an amount, and should easily be absorbed by the private sector. This method of obtaining capital will permit the acceleration of certain public investment projects without worsening the budget deficit," noted Cho Chien-Chien, director of the overall planning department of the Council for Economic Planning and Development.

The nation's tax revenues in the first half of fiscal 1983 (July to December) totaled Nt\$152.706 billion, 10.7 percent below the targeted amount. During the period, income tax revenues reached Nt\$23.192 billion, down 11.3 percent from the previous year. Business income tax collected from private enterprises declined 17.6 percent to Nt\$8.795 billion and that from public firms fell 45.8 percent to Nt\$2.619 billion.

Further statistics released by the directorate general of Budget, Accounting & Statistics reveal that customs duty revenues dropped 9.8 percent to Nt\$25.683 billion, while commodity tax revenues slipped 5.3 percent to Nt\$22.972 billion. The revenue from public monopoly sales was also noticeably affected by the recession and remained 2.7 percent below the target.

In December, the government cut spending for the current fiscal year by 5 percent to 10 percent, a move expected to save about Nt\$16.5 billion.

CSO: 4020/53

CHAO YAO-TUNG URGES INVESTMENT IN TOYOTA VENTURE

OW010525 Taipei CNA in English 0241 GMT 1 Feb 83

[Text] Taipei, Feb 1 (CNA)--Economic affairs Minister Chao Yao-tung Monday urged industrialists here to make investments in the "big automobile plant" which is to be set up under the joint venture between China Steel Corp. and Toyota Motor Corp. of Japan.

Total investment on the plant, Chao said, will reach NT \$21,516 million (U.S. \$540.4 million) with NT \$10,008 million as its equity capital of which Toyota will account for 45 percent, China Steel 25 percent and the remaining 30 percent will be openly solicited from private investors in this country.

Chao noted that his ministry will create a task force exclusively responsible for investment solicitation.

T.K. Liu, chairman of China Steel, said about 30 percent of the cars to be produced for export by the joint venture will be shipped to Japan and the price at which they will be sold here will be comparatively lower than the current market price.

Liu did not elaborate as to how cheap the new cars would be, but indicated there is a formula to calculate the price which is to be determined at the time of production.

The export area will be primarily the industrialized countries in Europe and North America as well as Japan. This will not only help insure maintenance of a good quality but also promote expansion in a potential market, he said.

In the export plan, Toyota has committed itself to a progressive export schedule which will send abroad 1 percent of the annual production volume for the first two years, 10 percent from the third year, 25 percent from the fifth year, 30 percent from the sixth year, 40 percent from the seventh year and by the eighth year, in which it is estimated 300,000 cars will be produced annually, the export volume will reach 50 percent, of which 30 percent will be shipped to Japan.

At the same time, Liu said, the choice of Toyota as the joint-venture partner due to Toyota's willingness to offer high quality and low pollution compact cars which can pass the rigid standard test of California in the United States and Japanese test as well. [graf as received]

The establishment of the big automobile plant, he stressed, is not intended to compete with the existing automaking industries here although some kind of competition will be unavoidable.

Production of high quality cars will undoubtedly help elevate the level of automaking industry in this country, Liu said, adding that only by means of this method, the present joint ventures, such as Ford and Nissan here will be compelled to introduce their high quality technology into this country.

CSC: 4020/53

BRIEFS

LESOTHO AGRICULTURAL AID--Taipei, 21 Jan (CNA)--Chinese agricultural technicians are successfully helping the Kingdom of Lesotho expand its corn production so as to attain its goal of food self-sufficiency. According to the Bureau of Agriculture under the Ministry of Economic Affairs, this year more than 8,400 hectares of land have already been planted with corn under the assistance of Chinese technicians. Because of good rains, bumper harvests are expected in the coming season. The 3-year corn production plan as mapped out in 1980 by the Chinese technicians with their Lesotho counterparts has been successfully carried out according to schedule. The bureau said that Prime Minister Leabua Jonathan of Lesotho has been very pleased with the results of the plan, and that he recently made a speech over national radio, expressing his appreciation for the assistance extended by the Republic of China. [Text] [Taipei CNA in English 0235 GMT 22 Jan 83 OW]

TAIWAN-ECUADOR OIL PACT--Taipei, 28 Jan (CNA)--The Chinese Petroleum Corp. [CPC] signed an agreement with the Ecuadoran National Oil Company Friday for crude purchase from that South American country. Under the agreement, effective retroactive to 1 January, Ecuador will supply this nation 10,000 barrels of oriente oil per day this year. The oil supply will be CPC's first direct purchase from Ecuador; in the past 2 years, CPC bought Ecuadoran crude through British companies. CPC General Manager Chen Yao-sen and Alberto Acosta, business manager of the Ecuadoran Oil Company, signed the agreement on behalf of their governments. Gustavo Enrique Galindo Velasco, Ecuadoran minister of natural resources and energy, was also present at the ceremony. [Text] [OW020021 Taipei CNA in English 1405 GMT 28 Jan 83 OW]

TAIWAN-NETHERLANDS ECONOMIC COOPERATION--Taipei, 1 Feb (CNA)--The Euro-Asia Trade Organization (EATO) and the Central Board for Foreign Economic Relations of the Netherlands have agreed to set up an Economic Cooperation Committee to promote economic cooperation and trade between the Republic of China and the Netherlands. The agreement was reached after Adrian Basoski, managing director of the Hague-based private trade association, and P. D. O. Hanrath, managing director of the Netherlands Council for Trade Promotion, called on Wellington Tsao, secretary general of the EATO, Monday. They agreed to hold the first Economic Cooperation Conference in Taipei some time in November. Thereafter, it will be held annually in Taipei and the Hague alternately. Prior to the organization of the Economic Cooperation Conference,

each side agrees to create an organ to promote economic and trade relations between the two countries. Basoski and Hanrath arrived in Taipei Friday to work out a cooperation agreement with the EATO. [Text] [Taipei CNA in English 1011 GNT 1 Feb 83 OW]

ROK PIG IRON IMPORTS--Taipei, 1 Feb (CNA)--The Board of Foreign Trade (BOFT) under the Ministry of Economic Affairs has decided in principle to import pig iron from the Republic of Korea in order to promote the Sino-Korean two-way trade. The decision was made at a joint meeting of the BOFT, the Industrial Development Bureau, and the Bureau of Commodity Inspection and Quarantine. A spokesman for the BOFT pointed out that the Chinese side has agreed to buy pig iron from Korea at the 16th nongovernmental economic cooperation conference between the two countries which was held last year. However, according to the present regulations, application for the import of pig iron is limited to productive industries and major trading firms; and that importation is limited to pig iron procured from Europe (including South Africa), the Americans (including Central and South America), Australia, and New Zealand. According to customs' statistics, from January to November last year, this country imported a total of some 135,000 metric tons of pig iron worth U.S. dollars 20.35 million. Brazil was the major supplier. It was followed by Australia and South Africa. [Text] [Taipei CNA in English 1024 GMT 1 Feb 83 OW]

TAIWAN-NETHERLANDS ECONOMIC COOPERATION--Economic cooperation committees will be set up in the Republic of China and the Netherlands by the Chinese Association for the Promotion of Sino-European Trade and the Federation of Foreign Economic Relations of the Netherlands to promote economic, trade, investment and industrial cooperation between nongovernmental departments in the Republic of China and the Netherlands. An accord with regard to the formation of the committees and their charters was signed yesterday between the Association for the Promotion of Sino-European Trade and (Pasoskiy), secretary-general of the Federation of Foreign Economic Relations Committee of the Netherlands; and (Hara), secretary-general of the Association for the Promotion of Trade of the Netherlands, who are visiting Taiwan for this special purpose. The accord signed yesterday has stipulated the structure, purpose, activities and joint sessions of the two countries economic cooperation committees. [Excerpts] [OW081042 Taipei CHUNG YANG JIH PAO in Chinese 2 Feb 83 p 1]

CSO: 4020/53

Electronic Components

AUTHOR: None

ORG: None

TITLE: "The Work of China Committee of Quality Authentication of Electronic Components Progressed"

SOURCE: Beijing BIAOZHUNHUA TONGXUN [STANDARDIZATION JOURNAL] in Chinese No 1, Jan 83 pp 38-39

ABSTRACT: Quality authentication of electronic components has now been developed into an international organization structure, i.e. the quality evaluation system of the ISO. The system involves a State agency having the authority of implementing a detailed procedure, on the basis of domestic or international technical standards, for inspecting and certifying the level of production and management of factories, to carry out strict tests of the quality and reliability of the products, and to judge scientifically the quality level of the products. The China Committee of Quality Authentication of Electronic Components was established in Apr 81 to form an agency to represent the State for managing the quality authentication work. In the future, it will also become the representative of China in the international quality evaluation system. Since then, progresses have been made in the following: (1) Training classes to introduce basic knowledge in quality authentication and to discuss related problems; (2) Formulating standards, such as test standards for RT-10 carbon film resistor products; (3) Formulating methods of authentication; (4) Carrying out authentication work, for example by Jun 82 requests for authentication had been received from 3 factories; (5) Inspecting laboratories; for example, the test center of Ministry of Electronic Industry Research Institute No 5 was certified after inspection to have the necessary conditions for taking on the quality test work for 4 types of products, including RT-10 carbon film resistors.

6248

CSO: 4009/93

END

END OF

FICHE

DATE FILMED

MARCH 9, 1983